

# DAILY REPORT

*China*

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U.S. OFFERS 'STAR WARS' TECHNOLOGY TO USSR

OW310414 Beijing XINHUA in English 0338 GMT 31 Oct 85

[Text] London, October 30 (XINHUA) -- U.S. President Ronald Reagan today offered to share its "star wars" technology with the Soviet Union in return for a mutual reduction of nuclear arms.

In an interview with the British Broadcasting Corporation, Reagan said that if the U.S. "star wars" technology came up with a practical nuclear defense, he would be prepared to share it with the world, including the Soviet Union. His offer came three weeks before his summit meeting with Soviet leader Mikhail Gorbachev in Geneva.

Speaking to the BBC, Reagan made it clear that he would not discuss curtailing the "star wars" research with Gorbachev. He would negotiate only "worldwide sharing of the technology," he said.

He admitted that the United States and the Soviet Union are the only two nations who could probably cause a world war. "We are the only two that can prevent one," he claimed.

He denied that the "star wars" would be an escalation of the nuclear arms race. Nothing could be safer than for the two superpowers to have defensive weapons which "ensured our safety against the nuclear weapons and both of us eliminate arms," he alleged.

Asked to respond to Gorbachev's proposals on reduction of the superpowers' strategic nuclear arms by 50 percent, the U.S. President said it contained elements that could be acceptable to Washington, but at the same time there were "things so disadvantageous to us that these should be negotiated and changes made," he said.

NATO SECRETARY CARRINGTON REAFFIRMS SOLIDARITY

OW302036 Beijing XINHUA in English 1955 GMT 30 Oct 85

[Text] Brussels, October 30 (XINHUA) -- U.S. President Ronald Reagan goes to Geneva with the full support and solidarity of the alliance, Lord Carrington, secretary of the NATO said here today.

Lord Carrington was speaking at a press conference after the two-day ministerial session of the NATO Nuclear Planning Group (NPG) ended this morning.

The defence ministers expressed "strong support for U.S. positions concerning intermediate, strategic, and defence and space systems," he quoted a communique on the session as saying. The ministers also expressed deep concern about Soviet violations of arms control treaties.

Caspar Weinberger, U.S. defence secretary, displayed at the session models, photographs and figures to prove the U.S. charges that the Soviet Union had violated 1979 Strategic Arms Limitation Treaty (SALT-2). The NATO members, therefore, reaffirmed the requirement for effective verification of, and full compliance with, all arms control agreements."

The ministerial session decided to continue the deployment of U.S. missiles before any concrete results reached at the negotiations between the United States and the Soviet Union.

The next session of the NPG is scheduled for spring, 1986 in Federal Germany.

DELHI DECLARATION SIGNATORIES URGE NUCLEAR TEST BAN

OW310716 Beijing XINHUA in English 0657 GMT 31 Oct 85

[Text] United Nations, October 30 (XINHUA) -- Leaders of Argentina, Mexico, Sweden, India, Tanzania and Greece, who issued the Delhi declaration on disarmament in January this year, have again appealed to the United States and the Soviet Union to "suspend all nuclear tests for a period of 12 months."

In a joint statement addressed to U.S. President Ronald Reagan and Soviet Leader Mikhail Gorbachev before the Geneva meeting next month, the six leaders said that such a suspension which could be extended or made permanent "would improve greatly the prospects for substantive agreement and would restrain the development of new, faster and more accurate weapons, which continues unabated even while negotiations are underway."

The joint statement, published today by both THE NEW YORK TIMES and the Soviet official newspaper PRAVDA, proposed to "establish verification mechanisms on our territories" and achieve third party verification, which it said, "could provide a high degree of certainty that testing programs have ceased."

The six leaders pledged that they "are ready to offer our good offices in order to facilitate the establishment of effective verification arrangements" only if the United States and the Soviet Union consider it helpful.

The joint statement drafted earlier this year and completed in New York last week was signed by Mexican President Miguel de la Madrid, Argentine President Raul Alfonsin, Tanzanian President Julius Nyerere, Swedish Prime Minister Olof Palme, Indian Prime Minister Rajiv Gandhi and Greek Prime Minister Andreas Papandreou.

While recognizing as "a positive development that during the present year the United States and the Soviet Union have initiated in Geneva negotiations covering both space and nuclear arms to be considered in their interrelationship," the six leaders said "We are concerned that such negotiations have not yet produced results."

They renewed their call in the statement for "a complete halt in the testing, production and deployment of nuclear weapons and delivery vehicles, and of space weapons, to be immediately followed by substantial reductions in nuclear forces."

The six leaders pointed out that the prevention of nuclear war is a key issue not only for the U.S. and Soviet peoples, but also for all people on every continent. "Since the citizens of all nations are equally threatened by the consequences of nuclear war, it is of utmost importance to us also that your meeting should create appropriate conditions and produce concrete steps toward disarmament and peace," they added.

The six leaders warned Reagan and Gorbachev that "The growing stockpiles of nuclear weapons, if used, even though by accident or by miscalculation, will engulf us all in complete destruction. No interest can justify this threat to present and future generations."

ENVOY TO UN CONDEMNS S. AFRICAN APARTHEID POLICY

OW300722 Beijing XINHUA in English 0634 GMT 30 Oct 85

[Text] United Nations, October 29 (XINHUA) -- China today called on all member states of the United Nations to take "more effective measures of sanction" against South Africa.

Ambassador Li Luye, China's permanent representative to the U.N., made this call when the plenary meeting of the U.N. General Assembly continued its deliberations of the policy of apartheid in South Africa today.

While condemning the South African authorities' policy of apartheid and their policy of aggression and expansion against the neighboring countries, Li called on all the member states to extend greater moral support and material assistance to the South African people and their liberation organization as well as to the front-line African countries.

He called on the Security Council to enforce comprehensive mandatory sanctions against South Africa in compliance with Chapter 7 of the U.N. Charter, and all countries to take voluntary sanctions against South Africa and strictly abide by the U.N. resolution on arms embargo against South Africa.

He demanded that the South African authorities lift the state of emergency, stop their bloody repression of the South African people, and immediately and unconditionally release black leader Nelson Mandela and all the other leaders and innocent people who have been imprisoned or detained on political charges.

The Chinese ambassador also expressed his support for the Organization of African Unity (OAU) in its proposal to convene an international meeting on sanctions against South Africa next June on the occasion of the tenth anniversary of the Soweto uprising and cooperate with the OAU in making active preparations to ensure the success of the meeting.

While condemning the South African authorities for their persistent defiance of various U.N. resolutions and their obstinate clinging to the policy of apartheid, he urged "the country that has up to date taken a position of appeasement and accommodation with South Africa" to immediately change its policy of "constructive engagement."

Li Luye reiterated that the Chinese Government and people will, as always, resolutely support the South African people in their liberation struggles against apartheid and for winning racial equality and fundamental rights. "We are convinced that so long as the South African people strengthen their unity and persist in their struggles with the powerful support of the international community, they will certainly be able to overcome the difficulties and obstacles on their road of advance and win the final victory," he said.

He expressed the belief that "the apartheid system, a malformation of colonialism, will be swept into the garbage heap of history together with the total collapse of the colonial system."

U.S. HOUSE APPROVES MILITARY SPENDING BILL

OW310320 Beijing XINHUA in English 0206 GMT 31 Oct 85

[Text] Washington, October 30 (XINHUA) -- The U.S. House of Representatives yesterday approved a legislation authorizing 302.6 billion dollars in military spending for the current fiscal year that began October 1.

The legislation, approved by the Senate three months ago, allows defense spending this year to increase to make up for inflation and authorizes funding for hundreds of military programs, including renewed production of lethal chemical weapons.

It also limits the number of MX missile deployment to 50 instead of 40 approved by the House in its original proposal and authorizes 2.75 billion dollars for President Ronald Reagan's Strategic Defense Initiative (SDI).

Originally, the House pressed for a freeze of military spending this year at the 1985 level of 292.6 billion dollars.

The bill approved yesterday only authorizes funding levels for defense programs. Today the House is scheduled to consider the appropriations measure sent by its Defense Appropriations Committee.

That measure, approved by the committee last week, limits Pentagon spending this year to 292.6 billion dollars, provides 2.5 billion dollars for SDI, eliminates funding for chemical weapons and bans testing of anti-satellite weapons as long as the Soviet Union observes a similar moratorium.

XU XIN LEAVES FOR ACADEMIC DISCUSSIONS IN U.S.

OW300852 Beijing XINHUA in English 0754 GMT 30 Oct 85

[Text] Beijing, October 30 (XINHUA) -- Xu Xin, vice-chairman of the Beijing Institute for International Strategic Studies, and his party, left here for the United States this morning.

They are invited by the United Nations association of the United States and the Center for International Security and Arms Control of Stanford University for a visit from October 30 to November 15.

They will exchange views on international strategic issues of common interest with their U.S. counterparts.

HU QILI MEETS NEW YORK NEWSPAPER GROUP 29 OCT

OW291156 Beijing XINHUA in English 0821 GMT 29 Oct 85

[Text] Beijing, October 29 (XINHUA) -- Hu Qili, member of the Secretariat of the Chinese Communist Party Central Committee, met and had a cordial conversation with a delegation from the New York-based CHINA DAILY NEWS led by its President Wayne Tam here today.

XINHUA REPORTS SOVIET SINOLOGIST'S DEATH

OW292156 Beijing XINHUA in English 1909 GMT 29 Oct 85

[Text] Moscow, October 29 (XINHUA) -- Well-known Soviet Sinologist Lev Aidlin [spelling as received] died on Saturday at the age of 75, it was reported today.

Professor Aidlin served as the head of the Far East and Southeast Literature division of the Institute of Orientology of the Academy of Sciences of the Soviet Union. He was also member of the Union of Soviet Writers and member of the Central Board of the Soviet-China Friendship Society.

Professor Aidlin cherished warm feelings for the Chinese people. He devoted his life to the study and introduction of Chinese literature and made valuable contributions to the cultural exchange and friendship between the two peoples.

Professor Aidlin returned from a tour in China on October 25, only one day before his death. As a member of a Soviet writers' delegation, he was very glad to meet Chinese writers during the visit.

KANG KEQING MEETS SOVIET WOMEN'S DELEGATION

OW251836 Beijing XINHUA in English 1436 GMT 25 Oct 85

[Text] Beijing, October 25 (XINHUA) -- Kang Keqing, president of the All-China Women's Federation, met here today a Soviet Women's delegation led by Kseniya Proskurnikova, vice-chairman of the Soviet Women's Committee. Kang Keqing is also vice-chairman of the National Committee of the Chinese People's Political Consultative Conference. The delegation arrived here October 24 at the invitation of the federation. During its stay in China the visitors will learn about activities of local women's federations and share experience with the Chinese side in protecting the rights of women and children.

Zhang Jingfu Meets Group

OW261126 Beijing XINHUA in English 1054 GMT 26 Oct 85

[Text] Beijing, October 26 (XINHUA) -- Chinese State Councillor Zhang Jingfu today said he hoped that there would be more people's organizations from the Soviet Union to visit China, so as to increase their understanding and friendship with the Chinese people.

At a meeting with the first Soviet women's delegation to visit China for the past two decades, he extended his welcome, and said that there exists a traditional friendship between the Chinese and Soviet people and their women.

The delegation led by Kseniya Proskurnikova, vice-chairman of the Soviet Women's Committee, arrived here October 24 as guests of the All-China Women's Federation.

Vice-President of the Federation Huang Ganying was present at the meeting. Yesterday, the federation's President Kang Keqing also met the delegation.

PRC OFFICIAL CALMED ANTI-JAPANESE SENTIMENT

OW301351 Tokyo KYODO in English 1149 GMT 30 Oct 85

[Text] Beijing, Oct. 30 KYODO -- The Chinese leadership sent Hu Hao, former ambassador to Japan, to Xian in central China early this month to calm mounting anti-Japanese sentiment among university students, a reliable Chinese source disclosed Wednesday.

Thousands of students in Xian reportedly staged campus demonstrations September 30 to October 2 in protest against Japanese Prime Minister Yasuhiro Nakasone's official visit to Tokyo's Yasukuni Shinto Shrine on August 15, the 40th anniversary of the end of World War II. The shrine is dedicated to Japanese war dead including class-A war criminals of World War II.

The demonstrators were also reported to have shouted slogans such as "Down with Japanese militarism" and "Stop importing Japanese products."

According to the source, Hu Hao was dispatched immediately after the three-day protest action and attended a meeting of some 30,000 students at which he asked them to exercise self-restraint.

The former ambassador, while showing his understanding of the students' feelings, stressed the importance of China-Japan friendship and pointed out that their statements that Japan was embarked on an "economic invasion" of China were based on a misunderstanding, the source said. Hu's mission succeeded in calming the anti-Japanese feeling in the city within a short time.

Hu is currently vice chairman of the Foreign Affairs Committee of the National People's Congress (parliament) and a member of the 21st Century Committee for China-Japan Friendship.

Nakasone's visit to the Shrine triggered anti-Japanese campaigns in China, South Korea and other neighboring Asian countries which had been occupied by Japan's imperial Army before and during the war.

In China, student demonstrations were reported in Beijing, Xian in Shaanxi Province, Wuhan in Hubei Province and Chengdu in Sichuan Province on and around October 1, China's independence day.

The official source indicated that Hu was also sent to cities other than Xian on similar "appeasement missions," although he did not elaborate.

ANTI-CHINA JAPANESE EXTREMISTS ARRESTED

OW301410 Beijing XINHUA in English 1312 GMT 30 Oct 85

[Text] Tokyo, October 30 (XINHUA) -- Two Japanese extreme rightists in Fukuoka were arrested by the local police last Sunday for making trouble for Chinese visitors, reported the Japanese JIJI PRESS. The Chinese, invited by the Japanese Government, are currently on a "Chinese youth friendship voyage" to Japan.

On Sunday morning, JIJI said, the two trouble-makers parked their propaganda car in front of a bus full of members of the "friendship voyage" and hurled insults on the Chinese in protest against the voyage.

Policemen on duty arrested the two men on the charges that they blocked traffic and jeopardized public security, JIJI reported.

NAKASONE: DEFENSE NOT TO EXCEED 1-PERCENT GNP

OW302111 Beijing XINHUA in English 2047 GMT 30 Oct 85

[Text] Tokyo, October 30 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone promised today to keep defense spending under one percent of gross national product in fiscal 1986, the first year of a proposed five-year defense build-up program. He made the pledge during a Lower House Budget Committee session after a fierce debate over the defense budget.

Komeito Dietman Yuichi Ichikawa yesterday accused Nakasone of trying to disown the government's commitment to limiting Japan's defense capacity to repulsing a small-scale invasion. The government was thinking of a full-scale war that would involve the superpowers, he said. But Nakasone rejected the accusation. He also denied a statement by Ichikawa that he had issued orders to abolish the 1976 cabinet decision to hold annual defense outlays below one percent of the gross national product. However, he refused to pledge that the government would honor the decision. His government "tries to honor the one percent ceiling as much as possible", he said.

The socialist and Komeito parties boycotted the committee session early this morning, demanding that Nakasone pledge to maintain the ceiling.

After a series of backstage talks with the two major opposition parties, Nakasone told the committee that his government will respect the opinion of the Diet over defence budget. And the opposition parties called off the half-day boycott at his promise.

Japan's defense expenditure for fiscal 1985 will be within one percent of the gross national product, but will exceed the ceiling for fiscal 1986-1990, according to a report dated October 4 by the Japanese Economic Planning Agency.

DENG XIAOPING MEETS JAPANESE INDUSTRIALIST

OW300918 Beijing XINHUA in English 0908 GMT 30 Oct 85

[Text] Beijing, October 30 (XINHUA) -- Chinese leader Deng Xiaoping met Ryoichi Sasakawa, chairman of the Japan Shipbuilding Industry Foundation, and his party here today.

Ryoichi Sasakawa, 86, humorously suggested to Deng, chairman of the Chinese Communist Party Central Advisory Commission, that both of them should take 60 years off their ages so that they could contribute more to world peace and Sino-Japanese friendship.

Deng replied, "If that could be done, we would become young again and could work another three score years for the happiness of mankind and the sound development of Sino-Japanese relations."

Deng told Ryoichi Sasakawa that both of them were eyewitnesses to the relations between their two countries over the past century, which, he said, have experienced quite a number of twists and turns. He remarked that since the founding of new China, many Japanese friends have worked together with the Chinese for people-to-people friendship.

He said that since the normalization of Sino-Japanese relations in 1972, there has been a sound development in those relations. He added that the two sides should work for the furtherance of these friendly relations in the 21st century.

Present at the meeting was Wang Zhen, honorary president of the China Association for International Friendly Contacts and vice-chairman of the Chinese Communist Party Central Advisory Commission.

LI PENG MEETS JAPANESE BUSINESSMEN 30 OCT

OW301306 Beijing XINHUA in English 1235 GMT 30 Oct 85

[Text] Beijing, October 30 (XINHUA) -- Vice-Premier Li Peng met here this afternoon Hirokichi Yoshiyama, chairman of the board of Hitachi, Ltd. of Japan, and his party. They exchanged views on cooperation in building power stations. The Japanese visitors arrived here last Sunday at the invitation of the Huaneng International Power Development Corporation, which was set up early this year to raise fund both at home and abroad for speeding up China's power industry.

ZHANG JINGFU MEETS JAPANESE BUSINESS GROUP

OW291158 Beijing XINHUA in English 0935 GMT 29 Oct 85

[Text] Beijing, October 29 (XINHUA) -- Chinese State Councillor Zhang Jingfu met a Japanese delegation from the NGK Insulators, Ltd. led by President Junichi Takemi here today.

RECEPTION MARKS JAPAN'S SELF-DEFENSE FORCES DAY

OW301302 Beijing XINHUA in English 1234 GMT 30 Oct 85

[Text] Beijing, October 30 (XINHUA) -- Colonel Masahiro Kunimi, defense attache of the Japanese Embassy in China and Mrs Kunimi gave a reception here today to mark the 35th anniversary of Japan Self Defense Forces day. Among the guests was Han Huaizhi, deputy chief of the General Staff of the Chinese People's Liberation Army.

WANG ZHEN MEETS JAPANESE PREFECTURAL AMITY GROUP

OW291150 Beijing XINHUA in English 0818 GMT 29 Oct 85

[Text] Beijing, October 29 (XINHUA) -- Wang Zhen, honorary president of the China-Japan Friendship Association, met here today with a delegation from the Japan-China Friendship Association of Nagano Prefecture, led by Kenji Hanaoka.

SHIJIE ZHISHI ON KOREAN EXCHANGE OF VISITS

HK291328 Beijing SHIJIE ZHISHI in Chinese No 20, 15 Oct 85 pp 7-8

[Article by Tao Bingwei: "An Historical Event on the Korean Peninsula"]

[Text] This autumn, exciting good news came from the Korean peninsula, which has been divided into two parts for 40 years. From 20 to 23 September, art performance troupes and home visitation groups from North and South Korea, led by responsible persons of the North and South Korean Red Cross, exchanged visits for the first time.

The two delegations, each consisting of a 50-member art performance troupe, a 50-member home visitation group, and 51 delegation staff members and reporters, completed the family reunion plan, which embodies the common will of the 60 million Korean people who, suffering greatly from national division, have long been looking forward to the reunification of the motherland. The art performance troupes presented striking programs of traditional Korean songs and dances on stages in Pyongyang and Seoul respectively and received warm applause from the bottom of the audience's hearts. In the guesthouses on the banks of the Taedong-gang and at the foot of the Pukhan-san, relatives who had been separated and had not heard from each other for many years embraced each other tightly, let out their feelings, and cried on each other's shoulders. These moving scenes have aroused strong feelings inspiring all the Korean people to step up the process of national reconciliation and peaceful reunification, and have elicited a resounding response from the international community. The world can now see hope on the horizon of the beautiful land of Korea which stretches for 3,000 li.

The present exchange of visits is an event of historical significance in the development of the situation in Korea. After the war, the Korean peninsula was artificially divided into two parts, and the North and the South have been hostile to each other in a tense atmosphere. The Korean people have greatly suffered from the split of the nation and have been earnestly longing for family reunions and strongly demanding the peaceful reunification of the motherland. Such being the case, the Red Cross of North and South Korea began contacts in 1971. After 14 years' efforts, based on the spirit of mutual understanding and accommodation, the two sides finally reached the present agreement at the eighth official talks held in May this year and at the talks that followed. This shows that both sides are sincere and respond to national interests. Undoubtedly such an attitude is helpful to their efforts to seek national reconciliation, cooperation, and unity. Since early last year, the reconciliatory situation has become more and more obvious on the Korean peninsula. The North proposed talks among three parties, including the United States. The South accepted the disaster relief materials donated by the North. Bilateral economic talks have achieved initial success, the parliamentary talks are being considered, and so on. All these developments show that both sides wish to fulfill the ultimate goal of peaceful reunification by holding dialogues through multiple channels at different levels. The issue of the realization of comprehensive free contacts between separated family members and relatives is to be further discussed during the current exchange of visits and at the 10th Red Cross talks to be held in Seoul on 26 November. This is a question concerning not only the reunion of the more than 10 million separated family members and relatives, accounting for one-fifth of the Korean population, but also the further contacts and exchanges between the North and the South, the enhancement of mutual understanding, and the termination of hostility and mutual distrust. In the final analysis, this is a question which has a bearing on the two sides' efforts to approach peaceful reunification while keeping the initiative in their own hands. Among all other channels for dialogue at all levels, the present exchange of visits is the first to achieve success. This could give an impetus to the development of other aspects of dialogue. In this sense, the success of this exchange of visits is a breakthrough in the process of seeking a solution to the Korean issue. If the dialogue between the two parties can continue to progress in this direction, the peaceful reunification of the Korean peninsula can possibly be realized soon.

Of course, the further favorable development of the situation on the Korean peninsula still requires the help of various domestic and international factors.

In light of the domestic circumstances in Korea, there are many favorable factors.

Back in the early 1970's, the two sides jointly laid down the guideline on seeking national reconciliation, cooperation, and reunification, namely, the three principles of "keeping the initiative in one's own hands, peaceful reunification, and the great national unity." Today, as the Korean people are unprecedentedly voicing their demand for early reunification, nobody can ignore their wish. After intermittent contacts between the North and the South over more than a decade, the hostility between the two sides has been mitigated and the estrangement has been reduced, while mutual trust has been enhanced. It is expected that the two sides will treasure the progress they have made sustained long-term efforts while overcoming many setbacks. If the two sides succeeded in promoting cooperation through more channels at multiple levels in the field of sports (including jointly hosting the 1988 Olympic Games) and other areas, it will be possible for the two sides to make progress in many other respects.

The international situation is also quite favorable. Members of the international community fully hope that the situation in Korea will become more and more relaxed and stable, that no war will break out, and that North and South Korea will further reconcile and cooperate with each other in their common efforts to realize peaceful reunification. In this connection, many countries have made contributions. As the development of the Korean issue continues, no big power can take advantage of the situation to achieve its own aims. The superpowers cannot but face reality, respecting the national will of the Korean people and keeping in line with historical trends.

Although the solution to the Korean issue will involve a complicated process due to various historical and practical reasons, it is definitely possible for the two parts of Korea and the international community to push ahead the development of the situation and to shorten the process by making further efforts under the currently available favorable conditions. The United States is responsible for the division of Korea and, in addition, has dispatched troops to South Korea. Therefore, it is absolutely justifiable for the Korean people and the international community to demand that the United States adopt a rational policy on the Korean issue.

The Korean people celebrated the 40th anniversary of their liberation from colonialist rule on 15 August this year. The 15th day of August 40 years ago should have been the start of the Korean people's happy and prosperous life. Unfortunately, however, the Korean people were faced instead with a new history of a national division. After having undergone twists and turns for nearly half a century, the people in North and South Korea have finally begun an exchange of visits. Many a little makes a mickle. May this good beginning lead to the happy ending of great national unity.

PRC JOURNAL ON PHILIPPINE SITUATION, U.S. BASES

HK300640 Beijing SHIJIE ZHISHI in Chinese No 20, 15 Oct 85 p 26

[Article by Li Guangrun; "U.S. Military Bases in the Philippines"]

[Text] In recent years, there has been continued unrest in the Philippine political situation, causing deep concern and uneasiness for the United States. One of the important reasons for the U.S. concern about the Philippine situation is that the United States fears it might lose its military bases in that country.

The United States has five military bases in the Philippines. They are Clark Air Base, Subic Bay Naval Base, Camp John Hay in Baguio, Wallace Air Station, and San Miguel Naval Communications Station, the first two of which are the most important and also the biggest. Situated some 75 kilometers north of Manila, Clark Air Base covers an area of more than 50 square kilometers of land, the biggest U.S. military installation in a foreign country. The headquarters of the U.S. 13th Air Force is located at the base, where one tactical fighter wing and one tactical air transport wing are stationed with a total of 8,000 officers and men. Situated about 80 kilometers northwest of Manila, Subic Bay Naval Base covers an area of 25 square kilometers of land and water, the major U.S. naval base west of Hawaii and also the maintenance and supply center and important sea transshipment center for the U.S. 7th Fleet. There are 7,500 U.S. troops and one to two aircraft carrier task forces stationed at the base.

The two military bases control the vital communications lines between the western Pacific Ocean and the Indian Ocean and are of great, strategic significance to the United States in keeping the sealanes between the two oceans unblocked and checking the Soviet Pacific Fleet from going south. Nearly 32 percent of U.S. imports and exports must follow these sealanes. Moreover, the Strait of Malacca is the only way for Japan to import petroleum from the Middle East through which 75 percent of the petroleum consumed by Japan a year is shipped to Japan. The United States uses Clark Air Base and Subic Bay Naval Base to link its military forces in the Pacific and Indian Oceans. They are the advance bases from which the United States puts its military forces in the Indian Ocean and Persian Gulf areas. Since 1979 when the Soviet Union obtained the right to use the naval and air bases in Vietnam's Cam Ranh Bay, it has successively deployed its naval and air combat troops including nuclear-powered submarines and MIG-23 aircraft, thus seriously threatening the safe passage between the two oceans. Facing Cam Ranh Bay across the sea, the U.S. military bases in the Philippines, with their strategic position growing more pronounced, have become U.S. outposts for containing Soviet expansion into the Pacific and Indian Oceans. American officials hold that the two bases have played a key role in maintaining the U.S. military forces in the two oceans and in defending safe passage between the two oceans. Some American scholars even maintain that they are "completely irreplaceable."

The current turbulent and uneasy political situation in the Philippines has adversely affected the future of the U.S. military bases in that country. Some people from opposition parties openly accuse the United States of violating the Philippines' sovereignty in using the latter military bases. Some opposition party leaders have issued a joint statement, demanding that the "foreign bases in Philippine territory" be closed down. Even some cabinet ministers have also indicated that there was no need at present to determine the future of the bases after their lease expires in 1991. This has made the United States feel gloomy about the future of its military bases in the Philippines. To preserve the two bases, the United States has frequently conducted activities, through diplomatic and other channels, in an attempt to stabilize the situation.

It has also promised to increase the annual rent for the bases it pays to the Philippines from \$500 million to \$900 million in the next 5 years beginning from 1985. At the same time, out of consideration for its long-term strategic interests, the United States has quietly made preparations against future emergencies. It has been reported that in the past year the United States already leased the use of about 18,000 acres of land on Saipan Island and Tinian Island of the Mariana Islands, on which it would set up bases to replace the ones in the Philippines if it had to withdraw from that country.

NEW ZEALAND'S LANGE REITERATES NUCLEAR POLICY

OW301248 Beijing XINHUA in English 1215 GMT 30 Oct 85

[Text] Wellington, October 30 (XINHUA) -- Prime Minister David Lange said the policy of introducing legislation this year on the nuclear warships ban would continue to be implemented, local newspaper THE DOMINION reported today.

In an interview with the paper's reporter yesterday, Lange rejected an allegation that this could lead to the U.S. abrogation of the ANZUS treaty commitment to New Zealand. Lange said he had moved to "de-escalate" the war of words with Washington over the ANZUS row, as urged by some leading businessmen in New Zealand.

It was reported that 19 leading businessmen said New Zealand should resolve the issue as quickly as possible "in the vital interest of protecting the long-standing trade relationship with United States".

Lange said there had been assurances by U.S. Secretary of State George Shultz and President Reagan that economic sanction would not be used against New Zealand. Lange said talks were continuing with Washington.

AUSTRALIA'S HAYDEN FETES PRC INSTITUTE PRESIDENT

OW301734 Beijing XINHUA in English 1519 GMT 30 Oct 85

[Text] Canberra, October 30 (XINHUA) -- Australian Foreign Minister Bill Hayden said here today that Australia's relations with China have developed rapidly in recent years and there is a bright future for economic cooperation between the two countries.

Hayden was speaking at a luncheon he gave on behalf of the government in honor of Han Nianlong, visiting president of the People's Institute of Foreign Affairs of China.

Han said that friendship between the two countries is beneficial not only to the fundamental interests of the peoples of the two countries, but also to the peace and stability in the Asian and Pacific region.

Leading a five-member delegation, Han arrived here this morning after his two-day stay in Sydney. He is visiting Australia at the invitation of Hayden.

Hayden met Han soon after his arrival and exchanged views with him on international and bilateral issues.

PRC ENVOY TO INDIA REFUTES NUCLEAR AID TO PAKISTAN

OW301711 Beijing XINHUA in English 1651 GMT 30 Oct 85

[Text] New Delhi, October 30 (XINHUA) -- The spokesman for the Chinese Embassy here today categorically refuted the allegation that Pakistan is set for nuclear blast in China.

In connection with fact that some Indian newspapers continue to fabricate and spread rumors that Pakistan is set for nuclear blast in China, the spokesman stated that this is sheer fabrication and that the publication of such sensational news reports is obviously not in the interest of developing Sino-Indian friendly relations.

Earlier, some Indian newspaper reports had alleged that China was helping Pakistan develop nuclear weapons and that Pakistan would test its bomb in China.

For this, the spokesman of the Chinese Foreign Ministry has repeatedly reiterated at news briefings the consistent position of the Chinese Government that China does not advocate or practise nuclear proliferation, nor does it help other countries develop nuclear weapons, and categorically denied the allegation that Pakistan would test an atom bomb in China, the Chinese Embassy spokesman added.

SINO-SWISS SYMPOSIUM DISCUSSES PRC NUCLEAR PLANT

OW301240 Beijing XINHUA in English 1130 GMT 30 Oct 85

[Text] Beijing, October 30 (XINHUA) -- Construction of China's first nuclear power station is now in full swing and should be completed next year, chief engineering Ouyang Yu told XINHUA here today.

Ouyang, who is attending a three-day Sino-Swiss symposium on nuclear technology here, said that construction began on the main buildings of the Qinshan plant, in Zhejiang Province, in January, and the basement was completed in June. Building work is expected to be completed by the end of 1986, and the installation of equipment by late 1988.

The 300,000-kilowatt plant should be providing electricity for the local grid in 1989. The bulk of the plant's equipment will be produced by domestic factories, Ouyang said. However, some parts, such as reactor pressure vessel and coolant pump, will be imported. By building the small nuclear power plant, he said, China would gain first-hand experience of nuclear power technology, including technology transferred from abroad. China's second nuclear power plant, which will be built in Guangdong Province, will comprise two 900,000-kilowatt generators. Equipment and technology are being imported from Britain and France.

So far, the chief engineer said, China had had two rounds of technical talks with British and French companies, and commercial negotiations were now under way.

The third, the Sunan nuclear power stations, is to be built in Jiangyin County, Jiangsu Province, near the southern bank of the Yangtze River, and will include imported technology. This summer, China began negotiations on technical services for the Sunan plant with companies from Britain and the Federal Republic of Germany. A second round of negotiations will be held in China next month.

Ouyang said China also planned to build a nuclear power plant in northeast China. A feasibility study is now under way, and a site was chosen on the Liaoning coast. A feasibility study and preliminary design of a thermonuclear project at Jinshan, Shanghai, were also under way, Ouyang said. He said China had fairly abundant deposits of uranium, and had developed a nuclear industry with a well-qualified technical contingent.

FRG'S GENSCHER LEAVES BEIJING FOR GUANGZHOU

OW300730 Beijing XINHUA in English 0548 GMT 30 Oct 85

[Text] Beijing, October 30 (XINHUA) -- Vice Chancellor and Foreign Minister Hans-Dietrich Genscher of the Federal Republic of Germany left here for Guangzhou this morning.

He was seen off at the airport by Chinese State Councillor and Foreign Minister Wu Xueqian.

Ends Visit, Leaves for Home

OW311110 Beijing XINHUA in English 1037 GMT 31 Oct 85

[Text] Guangzhou, October 31 (XINHUA) -- Hans-Dietrich Genscher, vice chancellor and foreign minister of the Federal Republic of Germany, left here this morning for Hong Kong on his way home after concluding a four-day visit to China.

He described his visit as "successful." Speaking on international trade, the vice chancellor said some countries regard China solely as a market for their exports. Actually it is a huge market and his country would prefer to develop balanced trade relations with China. He said that the Chinese people, creative and full of confidence, were blazing trails to their new history.

Genscher arrived here from Beijing yesterday. In the afternoon, he visited China's export commodities fair. He was also briefed on the Shenzhen special economic zone which borders Hong Kong.

#### WAN LI MEETS COUNCIL OF EUROPE ASSEMBLY HEAD

OW281550 Beijing XINHUA in English 1530 GMT 28 Oct 85

[Text] Beijing, October 28 (XINHUA) -- Acting Premier Wan Li said here today that strengthening the long-term and stable cooperation between China and Western Europe is of great importance to world peace and economic development, which are their common goals. He said this at a meeting with Karl Ahrens, president of the Parliament of the Council of Europe, and Marc Sand, a senior official of the council.

Wan said that while striving for economic development and improving the living standard of its people, China needs to further its trade and economic, scientific and technical cooperation with foreign countries. "In this regard, there is a great potential for cooperation between China and Western European countries. China is willing to work together with the Council of Europe for such cooperation," he added.

Ahrens said that Western Europe should carry out long-term cooperation with China. With China's abundant resources and Western Europe's advanced science and technology, they could be good partners for cooperation. Western Europe would like to see a China with sound social and economic development, which is of great importance for safeguarding world peace and stability, he added.

Ahrens and his party were met and given a banquet here today by Huang Hua, vice-chairman of China's National People's Congress Standing Committee. They exchanged views on issues of common concern.

Ahrens and his party arrived here last Saturday for a goodwill visit as guests of the Chinese People's Institute of Foreign Affairs.

#### REPORTAGE ON SWEDISH PARLIAMENTARY GROUP VISIT

##### Huang Hua Hosts Banquet

OW261636 Beijing XINHUA in English 1607 GMT 26 Oct 85

[Text] Beijing, October 26 (XINHUA) -- The National People's Congress Standing Committee gave a banquet here tonight for a delegation from the Swedish Parliament led by its speaker, Ingemund Bengtsson. Huang Hua, vice-chairman of the NPC Standing Committee, hosted the banquet on behalf of Chairman Peng Zhen.

In his speech, Huang reviewed the steady development of friendly relations and co-operation between China and Sweden since they established diplomatic relations in 1950. The two parliaments had contributed positively to the promotion of mutual understanding and friendship and had developed bilateral friendly co-operation.

He said Bengtsson's visit would further improve ties between the two parliaments, and would strengthen bilateral relations and co-operation.

Bengtsson said bilateral political, economic, scientific and technological exchanges and very good cultural relations were based on the mutual understanding. There were no conflicts between Sweden and China, and they shared common aspirations and tasks. He hoped to see a further deepening of friendship between the two countries.

Present at the banquet were Wu Bo and Zeng Tao, members of the NPC Standing Committee, and Swedish Ambassador to China Lars Bergquist.

The Swedish visitors arrived today for a friendly visit to China as guests of the NPC Standing Committee. They will leave here tomorrow to visit other parts of the country.

#### Group Meets Peng Zhen

OW311020 Beijing XINHUA in English 0930 GMT 31 Oct 85

[Text] Beijing, October 31 (XINHUA) -- National People's Congress Standing Committee Chairman Peng Zhen met a delegation from the Swedish Parliament, led by its speaker, Ingemund Bengtsson, here today.

Peng praised Sweden for being one of the first countries to recognize new China. He said China and Sweden had enjoyed good co-operative links since diplomatic relations were established between them 35 years ago.

Bengtsson hoped there would be more co-operative schemes and closer economic and trade links between the countries on the basis of their existing good relations.

Peng said Sweden was a developed country with advanced scientific technology, while China was a developing nation rich in natural resources. The two countries could learn and benefit from each other through developing co-operative relations. He paid tribute to Swedish policies in support of technological transfer, North-South dialogue and the development of the Third World. At present, competition among the developed countries in seeking markets was intense, he said. But if they all pursued a policy of transferring technology and helping the Third World to develop, it would grow into a lucrative new market.

Bengtsson said: "We have identical views on this matter. The economic growth of the Third World is beneficial to the developed countries."

Among those present at the meeting were Huang Hua, vice-chairman, and Wang Hanbin, secretary general of the NPC Standing Committee, and Swedish Ambassador to China Lars Bergquist.

Earlier, Huang Hua and Bengtsson held talks on parliamentary activities, bilateral relations and international affairs.

#### RONG YIREN MEETS TURKISH VISITORS 26 OCT

OW261248 Beijing XINHUA in English 1150 GMT 26 Oct 85

[Text] Beijing, October 26 (XINHUA) -- Rong Yiren, vice-chairman of the Chinese National People's Congress Standing Committee, met a delegation from the Turkish Promotion Foundation led by its President Kemal Baytas here today.

FURTHER REPORTAGE ON TIAN JIYUN'S AFRICAN TOUR

PRC, Tunisia Sign Minutes

OW301220 Beijing XINHUA in English 1120 GMT 30 Oct 85

[Text] Tunis, October 29 (XINHUA) -- China and Tunisia today signed the minutes of talks on economic, trade and technical cooperation between the two countries.

A Chinese delegation led by Vice-Premier Tian Jiyun is visiting here. The minutes of talks was signed by Chinese vice-minister of foreign economic relations and trade, member of the Chinese delegation Lu Xuejian, and Tunisian Secretary of State for Foreign Affairs Mahmoud Mestiri.

According to the minutes, Tunisia will export compound fertilizers to China in the next two years in exchange for China's cotton, maize, tea and wheat. Experts from the two countries will meet in Beijing in December this year to make decisions on the deal.

The two countries also decided to increase their trade, and China agreed to send a third group of medical workers to Tunisia. The minutes stressed the need to increase the two countries' economic cooperation based on equality and mutual benefit.

Tian Jiyun arrived here last Sunday on the second leg of his five-nation African tour.

The Chinese vice-premier today laid a wreath at a martyr's memorial in Bezerte. Yesterday, he and his party visited the country's national movement museum.

Departs Tunisia for Morocco

OW301517 Beijing XINHUA in English 1441 GMT 30 Oct 85

[Text] Tunis, October 30 (XINHUA) -- Chinese Vice-Premier Tian Jiyun left for Morocco this morning after paying a four-day official friendship visit to Tunisia.

Upon his departure, the vice premier expressed his great satisfaction over the visit saying it had completed "with successful results." "I have the honor to be received by Tunisian people's great leader and Chinese people's respected friend, President Habib Bourguiba, and have held very friendly conversation with him. I also have held very amiable meetings with Prime Minister Mohamed Mzali, and discussed with him ways to enlarge the economic and technical cooperations between our two countries, as well as international issues of common interest," Tian said in a press statement.

"The meetings," he continued, "have already achieved tangible results and we have reached an agreement in particular on barter trade, which will further benefit the economic cooperation between the two countries."

The Chinese vice-premier also said he was pleased to meet Hedi Barrouche, director of the Socialist Destour Party (SDP), with whom he discussed ways to reinforce and strengthen the link between the two parties.

The Chinese vice premier was seen off by Tunisian Prime Minister Mzali, Minister of Presidential Cabinet Mansour Skhiri, SDP Director Barrouche and other Tunisian senior officials.

Begins Visit to Morocco

OW301700 Beijing XINHUA in English 1515 GMT 30 Oct 85

[Text] Rabat, October 30 (XINHUA) -- Chinese Vice-Premier Tian Jiyun arrived here this morning to discuss with Moroccan leaders, among other issues, the further development of economic and technological cooperation between China and Morocco.

Upon his arrival from Tunisia, Tian told reporters at the Casablanca airport that his four-day visit to Morocco is aimed at strengthening the "friendship, solidarity and economic cooperation between the two countries."

Tian and his party were greeted by Moroccan minister to the Prime Minister's Office in charge of Economic Affairs Moulay Zine Zahidi, Minister of Post and Telecommunications Mohamed el-Ansar and Chinese Ambassador to Morocco Wei Dong.

Sources from the Chinese Embassy said Vice-Premier Tian will meet with Moroccan Prime Minister Mohamed Karim Lamrani later this afternoon. Specific talks are expected to be conducted tomorrow. Since Chinese Premier Zhao Ziyang's visit to Morocco at the end of 1982, cooperation between the two countries has been developed steadily: The trade volume rose from 60 million U.S. dollars in 1982 to a record 83 million U.S. dollars in 1984, an increase of 23.5 percent. Vice-Premier Tian's five-nation African trip will also take him to Libya and Kenya. He has just concluded visits to Algeria and Tunisia.

Talks With Morocco's Lamrani

OW310138 Beijing XINHUA in English 0112 GMT 31 Oct 85

[Text] Rabat, October 30 (XINHUA) -- Both Moroccan Prime Minister Mohamed Karim Lamrani and Chinese Vice-Premier Tian Jiyun expressed satisfaction over the existing cooperation between the two countries and exploited new fields and ways of cooperation during their talks held at the prime minister's office here this afternoon. [sentence as received] The Chinese vice-premier, who arrived here this morning, told reporters after the meeting that their talks were "fruitful".

Sources close to the Chinese delegation told XINHUA that during the two-hour talks which proceeded in a friendly atmosphere, both sides exchanged and shared similar or identical views on many international issues. The two countries pledged to continue to support and sympathize with each other in maintaining world peace and opposing imperialism, colonialism and hegemonism.

On the bilateral relations, Prime Minister Lamrani said Morocco highly appreciated its cooperation with China. Vice-Premier Tian told the host that there are great potentials and fine prospect for further cooperation between the two countries. Both sides agreed to do their best to strengthen and expand their cooperation in various fields, specially in the economic and technical fields.

During the talks, Vice-Premier Tian conveyed the best regards from Premier Zhao Ziyang to Prime Minister Lamrani and the invitation by Premier Zhao of Prime Minister to Lamrani visit China. Lamrani accepted the invitation with pleasure.

Prior to the talks, Vice-Premier Tian paid homage to and laid a wreath at the Mausoleum Mohamed V, the founder of the independent Kingdom of Morocco.

FURTHER ON ZHAO ZIYANG'S VISIT TO COLOMBIA, BRAZIL

## Chen Muhua on Boosting Trade

OW301632 Beijing XINHUA in English 1605 GMT 30 Oct 85

[Text] Bogota, October 30 (XINHUA) -- China's policy of opening to the outside world is a long-term and basic one which will not change, Chinese State Councillor Chen Muhua said here today.

Speaking to a group of Colombian business leaders, Chen, who is accompanying Premier Zhao Ziyang on his current four-nation Latin American tour, said China is making active efforts to boost trade with other countries, introduce preferential policies for importing funds, technology and equipment and are working hard to create a good investment climate so as to ensure foreign partners' legitimate interests.

Chen, who is also president of the People's Bank of China, said China's import and export trade totalled some 50 billion U.S. dollars in 1984. The number of joint ventures with foreign enterprises exceeded 900 and the country has forged economic and technological cooperation with 174 countries and regions, she added. "With the growth of China's economy," Chen said, "China will open its door still wider to the outside world." Chen stressed China opens not only to the developed countries but also to the developing countries.

Friendship and cooperation between China and Latin American countries are part of the South-South cooperation, Chen said, adding that such cooperation has not reached what it should due to various reasons. But, she emphasized, such cooperation is full of vitality and has vast prospects.

Chen noted friendship and cooperation between China and Colombia have developed steadily in the past five years since their establishment of diplomatic relations. Chen declared China attaches great importance to its economic relations with Latin America and hopes that its economic exchanges with Colombia and other Latin American countries would increase markedly. China is willing to join Latin American countries in finding practical ways to achieve this, she added.

To promote Sino-Latin American economic and trade relations, Chen said, China has recently set up a trading company to take charge of the country's business with Latin American countries.

## Zhao Meets Businessmen

OW302007 Beijing XINHUA in English 1947 GMT 30 Oct 85

["China To Expand Economic Cooperation With Latin America, Premier Zhao Says" -- XINHUA headline]

[Text] Bogota, October 30 (XINHUA) -- Visiting Chinese Premier Zhao Ziyang today stressed that China is ready to expand economic relations with Latin American countries, including Colombia.

Premier Zhao, who was concluding his three-day visit here, told 40 business leaders this morning that one of the main topics in his talks with the Colombian president is how to develop economic cooperation between the two countries. "Both of us have a desire to promote bilateral trade in tune with the political relations between our two countries," he said.

Zhao met the businessmen at a breakfast in the five-star hotel Tequendama. When the Chinese Premier and State Councillor Chen Muhua walked into the hall of the hotel, they were warmly greeted by the entrepreneurs and the government officials on hand.

At the meeting, Fabio Echeverri Correa, president of the National Industrial Association of Colombia, said that despite their difference in ideology, Colombia and China still can achieve something in economic and trade fields. "Our business community will work hard to play a role in promoting economic and trade cooperation between the two countries," he said.

In reply to questions about the possibility of increasing bilateral trade, Zhao told the Colombian entrepreneurs that China is in favor of barter trade, because it will enable her to expand her foreign trade without having to pay foreign exchange.

Zhao pointed out that in international trade, protectionism is on the rise. Third World countries, he went on to say, should get united to exert pressure on the developed and creditor nations who are responsible for the existing unjust international economic order, so that there will be a change in such relations and a solution to the debt problem. Zhao stressed the need for closer cooperation and brisker commercial interflow among the developing countries themselves. Their mutual trade should include manufactured goods as well, not just farm produce, raw materials and primary products, he added. Zhao pointed out it is necessary to make studies of each other's market and take barter trade as the principal form of South-South cooperation, because there are broad avenues for such trade.

The Chinese premier expressed the hope that the volume of Sino-Colombian trade will increase by several, or even a dozen folds in five years. He wished his hosts to be the pioneers in the upcoming new period of Sino-Colombian trade and technological cooperation.

Before Zhao answered his hosts' questions, Chen Muhua, Chinese state councillor and president of the People's Bank of China, gave them a brief account of China's policy of opening to the outside.

#### Zhao Ziyang Press Conference

OW301820 Beijing XINHUA in English 1757 GMT 30 Oct 85

["China, Colombia Agree on Wide Range of Issues, Says Zhao" -- XINHUA headline]

[Text] Bogota, October 30 (XINHUA)-- Chinese Premier Zhao Ziyang said here this morning that he had had "very useful" talks with Colombian President Belisario Betancur and they "reached agreement on a wide range of issues."

Speaking at a press conference held at the Tequendama Hotel where he is staying during the visit, Zhao said both China and Colombia are willing to further bilateral friendship and cooperation and to make joint efforts for relaxing international tensions and preserving world peace. During the visit, he said, he also met with other Colombian leaders and made contacts with people from various circles, thus enhancing mutual understanding and friendship between the two countries.

Zhao paid high tribute to the Latin American people's struggle for national independence and to their decisive role in developing national economy and in world affairs. "Latin American nations are an important force in safeguarding world peace," he said.

Referring to China's relations with Latin American countries, Zhao said, "We have no conflict of fundamental interests but share many important points in common." Most importantly, Zhao noted, "We have common interests and traditional friendship and share a strong desire for furthering friendship and cooperation."

"Sino-Latin American friendship and cooperation have developed gratifyingly in the past decade and more, but that should only be considered as a start," Zhao said. He said he is confident that Sino-Latin American friendship and cooperation will reach a new level along with the steady development of their own economies and the increase in mutual understanding.

As a developing socialist country pursuing an independent foreign policy of peace, Zhao said, "China is willing to establish and develop friendly relations with as many countries as possible. China sincerely hopes to develop friendship and cooperation with all Latin American countries, the economic and trade relations in particular, on the basis of the principles of peace and friendship, mutual support, equality and mutual benefit, and common progress, Zhao said.

"This is the message I have brought here during my visit," Zhao added.

#### More on Zhao Press Conference

OW302314 Beijing XINHUA in English 2248 GMT 30 Oct 85

[Text] Bogota, October 30 (XINHUA) -- Chinese Premier Zhao Ziyang said today the only way out for the worldwide debt problem is to increase the economic vitality of the debtor nations, improve their capability of repayment and reduce their debt burden.

Replying to reporters' questions at a press conference here this morning, Zhao pointed out that the debt question is no longer a simple economic problem now, it has become an outstanding international political issue. He expressed the hope that more politicians in creditor nations will treat the debt problem from a long-term point of view. "Otherwise," he warned, "this problem will bring about an inconceivable disaster to the world economy as a whole."

Premier Zhao reaffirmed that on the debt issue China takes the part of Third World countries, including those in Latin America. He added, China supports and appreciates the principles adopted at the Latin American debt conference held at Cartagena, Colombia, which called for a settlement of the debt problem by cutting tariffs, improving the debtor countries' capability of repayment, opening the creditor countries' domestic markets, and conducting negotiations between the borrowing and lending nations.

"We do not agree that the developing countries should be asked to pay their debts at the expense of their economic growth and the living standard of their people," he continued. Such a practice not only causes economic recession in the developing nations, but also hurts the developed countries themselves," he noted.

When asked about China's view of the U.S.-Soviet disarmament talks, Zhao replied, "The United States and the Soviet Union differ greatly on this issue. We hope that at the upcoming summit talks between their leaders, they would reach agreement on disarmament, a reduction of nuclear arsenals and the relaxation of tensions in the world."

On the issue of Sino-Soviet relations, Zhao said: "There has been some progress now. There has been an increase in the bilateral economic and trade interflow and personnel exchange, and we are expecting further improvement in future."

"Soviet Party Secretary General Gorbachev has professed willingness to improve Sino-Soviet relations conscientiously; this is still our hope. It is our sincere desire to have good neighborly relations with the Soviet Union, to see the state relations between the two countries normalized. We hope Soviet leaders would take concrete moves to remove the obstacles in the way of normalized bilateral relations."

Turning to the peace process in Colombia, Zhao said it is an internal affair of Colombia. "I have taken notice of the progress made by the government and I am glad for that," he added.

When asked about China's opinion on the so-called "Maoist organizations" in Colombia, Zhao declared that China has nothing to do with these organizations.

Present at the press conference were reporters from Colombia's major newspapers and radio and television stations, as well as foreign correspondents in the country. Also present on the occasion were Chinese State Councillor Chen Muhua and other members of Zhao's party.

#### Leaves Colombia for Brazil

OW310058 Beijing XINHUA in English 0044 GMT 31 Oct 85

[Text] Bogota, October 30 (XINHUA) -- Chinese Premier Zhao Ziyang ended his three-day official visit to Colombia and flew to Brazil this afternoon to continue his first trip to South America.

President Belisario Betancur presided over a warm seeing-off ceremony at the Bogota Catam Military Airport before Zhao's special airplane took off at 13:45 (local time).

Colombia is the first leg of Zhao's current trip to South America, which will also take him to Argentina and Venezuela. Zhao arrived here Monday afternoon after attending the celebrations of the 40th anniversary of the founding of the United Nations in New York.

Chinese and Colombian national flags and colorful flags were fluttering at the Catam Military Airport. Accompanied by President Betancur, Premier Zhao reviewed a guard of honor made up of the three armed services. Before he ascended the plane, Zhao had a chat with Betancur who once again thanked Zhao for his visit and wished peace for China and the world. Zhao thanked Betancur, the Colombian Government and people for the warm hospitality he received. When Zhao said he hoped to see Betancur soon in Beijing, the president said he would like to visit China at the earliest possible time.

Betancur presented Zhao an album containing color photos of the Chinese premier during his first official visit to the country.

Aboard the same plane were Chen Muhua, Chinese state councillor and president of the People's Bank of China; Chen Chu, special assistant to the Chinese premier; Zhu Qizhen, vice foreign minister; Wei Yuming, vice minister of foreign economic relations and trade; and other members of the Chinese premier's party.

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During the visit, two rounds of talks were held between Premier Zhao and President Betancur, and two agreements and three exchanges of notes on bilateral economic, scientific and trade cooperation were signed.

Zhao told a press conference here this afternoon that he was satisfied with the short visit to Colombia.

Seeing the Chinese premier off at the airport this afternoon were also Colombian Minister of Foreign Relations Augusto Ramirez Ocampo, Minister of National Defense Miguel Francisco Vega Uribe and Colombian Ambassador to China Luis Eduardo Villar Borda.

Zhao Arrives in Brazil

OW302342 Beijing XINHUA in English 2334 GMT 30 Oct 85

[Text] Brasilia, October 30 (XINHUA) -- Chinese Premier Zhao Ziyang flew in at 20:10 (local time) today on a 7-day official and friendship visit to Brazil after winding up his three-day Colombia tour.

This is the second leg of his 16-day tour of South America beginning October 28 when he arrived in Bogota.

Zhao will make two major speeches in the Brazilian Ministry of Foreign Affairs and in Sao Paulo, Brazil's largest industrial city, according to Chinese officials accompanying the premier. Premier Zhao will hold two rounds of talks with President Jose Sarney on bilateral relations and matters of common concern, the officials said.

The Chinese leader will also meet with the presidents of the Senate and the Chamber of Deputies of Brazil. He will also take time out to visit some industrial projects and scenic spots before flying to Buenos Aires on November 5.

Further on Arrival in Brazil

OW310404 Beijing XINHUA in English 0347 GMT 31 Oct 85

[Text] Brasilia, October 30 (XINHUA) -- Chinese Premier Zhao Ziyang arrived here this evening for a week-long official and goodwill visit to the biggest country in Latin America.

Brazil is the second leg of the premier's current South America trip, first ever of the kind for a top Chinese leader since the People's Republic of China was founded in 1949. Zhao has toured Colombia and will also travel to Argentina and Venezuela.

It was fine here following an evening rain when Zhao's special plane landed at the military airport at 20:10 local time.

When Zhao alighted from the airplane, Brazilian President Jose Sarney and Foreign Minister Olavo Setubal greeted and shook hands with the guest of honor. Receiving a red-carpet welcome, Premier Zhao reviewed a guard of honor in the company of President Sarney after the band played both Chinese and Brazilian national anthems.

In a written statement issued at the airport, Premier Zhao said, that although China and Brazil are miles apart geographically, they have many common points in safeguarding world peace and strengthening the unity and cooperation of developing nations, and both countries wish to promote bilateral relations. He said that he hoped to probe ways of expanding the bilateral cooperation with the Brazilian leaders and other Brazilian friends during his current visit.

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The premier expressed his wish that his visit will further promote the relations of friendly cooperation between the two countries.

Zhao and his party rode in a motorcade to the hotel in central Brasilia where they will stay during the visit.

Zhao's party includes State Councillor and President of the People's Bank of China Chen Muhua; Special Assistant to the Premier Chen Chu, Vice Foreign Minister Zhu Qizhen, and Vice Minister of Foreign Economic Relations and Trade Wei Yuming,

L. American Press on Visit

OW301627 Beijing XINHUA in English 1502 GMT 30 Oct 85

[Text] Beijing, October 30 (XINHUA) -- Chinese Premier Zhao Ziyang's visit to four Latin American countries has been highlighted in the Latin American press which regards the visit as an important milestone in Sino-Latin American relations, according to reports reaching here.

The premier's visit has been given prominence in the press of many Latin American countries. The four major newspapers in Colombia have given wide coverage to the visit and carried photos of the Chinese premier.

In Brazil, the newspaper CORREIO BRASILIENSE said in an article on Sunday that "China has always been open to the Third World countries" and Premier Zhao's visit to Brazil "will exert great impact on bilateral relations." The visit will contribute to mutual understanding and help overcome difficulties caused by the geological distance separating China and Brazil, the paper said.

On the same day, another Brazilian newspaper, O GLOBO, published an article saying that China and Brazil, the two large Third World countries, "have all conditions for creative cooperation."

An editorial in the Panama newspaper, LA REPUBLICA, said that Premier Zhao's visit to Colombia and Venezuela demonstrated China's support for the Contadora Group.

The Spanish news agency EFE has given wide coverage to Zhao's visit. It commented in one of its dispatches that both China and the Latin American countries aspire to increase the volume of bilateral trade, and Zhao's visit "will lay foundation for the new development of Sino-Latin American trade relations."

WAN LI RECEIVES DEPARTING PERUVIAN ENVOY 26 OCT

OW261310 Beijing XINHUA in English 1151 GMT 26 Oct 85

[Text] Beijing, October 26 (XINHUA) -- Acting Premier Wan Li met out-going Peruvian Ambassador to China Yuan Alayza Rospigliosi here today.

BO YIBO ON PARTY RECTIFICATION, PARTY BUILDING

HK291521 Beijing HONGQI in Chinese No 20, 16 Oct 85 pp 3-7

[Speech by Bo Yibo: "A Number of Questions Concerning Party Rectification and Building Party Organizations"]

[Text] Editor's note: This is a speech made by Comrade Bo Yibo on 30 July this year while inspecting the work of party rectification in Yantai, Shandong Province. This speech is very important and will greatly help us have a deep understanding of the guiding ideology of the recent National Conference of Party Delegates concerning the improvement of the party style, the strengthening of the party's ideological and political work, the building of party ranks, the strengthening of the building of socialist spiritual civilization, and other things. Therefore, we have published it with some deletions and alterations made by the author in the contents and in wording. [end editor's note]

First, the Party Must Greatly Strengthen Its Own Building in the New Historical Period

Our party, which is commonly known as the ruling party, plays the leading role in state and social affairs. We must clearly understand that this ruling party is significantly different from what it was during the revolutionary war period, when it had yet to win political power.

In the past, the party's task was to lead the people in overthrowing the three big mountains, overthrowing reactionary rule, and seizing state power throughout the country. At present, the task of the party is to lead the people of all nationalities throughout the country in striving to develop social productive forces, to shake off as quickly as possible the state of poverty left over from the past, and to make the country prosperous and the people affluent on the premise of adhering to the four basic principles, making use of the strength of the state power under the people's democratic dictatorship, and giving play to the superiority of the socialist system. Comrades of the whole party are shouldering the great historic mission of accomplishing this.

In the past, when Communist Party members were subjected to the reactionary regime's oppression, their participation in the revolution was extremely risky. In those days, when life was extremely hard, the overwhelming majority of party members voluntarily abided by party discipline and fought heroically for the victory of the revolution and for the lofty ideal of realizing communism. Today, many party members hold authority of all kinds, and their living conditions and positions have both changed. How to use the authority in their hands correctly has become a problem subject to constant tests. In an environment of prolonged peace, it is easy for some people, who only want to "enjoy" the benefits of being members of a ruling party and not to serve the people or work selflessly or sacrifice for achieving the communist ideals, to worm their way into the party. Among the veteran party members, a small number of people have also come to think differently, and their party spirit today is not as strong as before. Under such circumstances, the phenomena of ignoring the just cause at the sight of benefits and of seeking personal gains by taking advantage of authority have appeared, and so has the phenomenon of "putting money above everything else." The phenomenon of stopping at nothing to get money has also appeared. Some people unscrupulously try to get money at the expense of their personal dignity and the dignity of the country. They even murder people for their money. Abominable bureaucratic behavior has spread much wider. A small number of party-member cadres have acted like overlords, and one or two party committees have also built a network of special relations with other party committees so that they can protect one another, bending the law to benefit friends and relatives.

Such phenomena of doing harm to the party style and general social practice have seriously tarnished the party's prestige and image, seriously weakened the party's leadership and combatworthiness, and seriously affected party-people relations. Infuriated by such phenomena, the masses have strongly demanded that the party, the government, and the people's courts take resolute action to punish all the black sheep who have the appearance of party members but who are undermining the socialist cause.

Although the number of party members was small in the past, their quality was good, the ranks were in good order, and they were very combatworthy. During the period of the Great Revolution, there were only a little more than 10,000 party members at the beginning and the number never exceeded 58,000 later. Nevertheless, the party was able to lead the spectacular Northern Expedition. After the failure of the Great Revolution, there were only 10,000 party members left, who upheld the party's program of struggle and the banner of the revolution. Under extremely difficult conditions, they founded the Red Army and established the Soviet state power. During the second revolutionary civil war period, the number of party members increased to 300,000 and the army increased to 300,000 soldiers. In the early stages of the anti-Japanese war, there were only 4 million party members, but we persisted in fighting the enemy in the rear and finally won victory in the war. In the beginning of the war of liberation, there were only about 1.3 million party members.

It was precisely by relying on this contingent of party members that our party succeeded in leading the people of the whole country to defeat Chiang Kai-shek and found new China. Today the number of our party members exceeds 42 million. Although the mainstream within the ranks of party members is generally good, we must realize that many party members are not competent enough to meet the requirements presented by the historical task of the new period. Judged by the criteria for party members, a considerable number of party members are unqualified or basically unqualified. At present, in particular, at an important moment when the party Central Committee is leading the 1 billion people in going all out to make the country strong, rejuvenating the nation, and courageously forging ahead in building socialism with Chinese characteristics, negative phenomena of interfering with reforms and the four modernizations have appeared within the party. This cannot fail to catch our serious attention. The cause of these negative phenomena is mainly the pernicious influence of the "Great Cultural Revolution," which has lowered the quality of some party members. Another important reason is that the ideological and political work in some areas and departments has been weak for a long time. Because of such phenomena, we must, during and after the current party rectification, carry out a general and thoroughgoing education among the broad masses of party members on communist ideals, basic Marxist theory, basic party knowledge, and, above all, party spirit. This is an important matter that brooks no delay.

Of course, in making the comparisons above, I do not mean that our party today is not as good as it was before. I just want to say that, if our party fails to strengthen and improve itself while exercising its rule, if we do not have thousands and millions of party members with ideals, a sense of discipline, and a strong party spirit, and if we do not have a good party style, our reforms and the policy of opening to the outside world will not be successful, and the party's historical task of building our country into a prosperous and democratic socialist country with a high culture will not be accomplished. In this sense, it is not at all easy to become good party members or good cadres of a ruling party because the requirements set for them are so much higher in various fields today than those during the revolutionary war period, and so we must not relax our efforts in this regard.

At the oath-taking ceremony of new party members held by the party committee of state organs on "7 July" this year, I was asked to say a few words. I quoted three sentences. The first was said by Fan Zhongyan of the Song Dynasty: "Be the first to show concern for state affairs and the last to enjoy comfort."

The second was said by Dr. Sun Yat-sen at the commencement of the first batch of cadets from the Guangxi Military School: "We must resolve to do something important but not to become high officials." The third was written by Lenin in October 1919 in his article "The Workers' State and Party Week": It is necessary "to purge the party of those who are only 'out for' the benefits accruing to membership of a government party and do not want to bear the burden of devoted work on behalf of communism." I think that the last sentence has the deepest significance.

Fundamentally speaking, the ongoing party rectification is meant to resolve the problems within the party, namely, lax discipline and impurities in thinking, work style, and organization, and to increase the party's combat capacity in order to lay a good foundation for party building in the new period. This has a bearing on the success or failure of the reform and of the cause of socialist modernization. In the course of party rectification, each party member must realize that the new policies our party has formulated and implemented on the basis of setting things in order since the 3d Plenary Session of the 11th CPC Central Committee are entirely correct; and that they are meant for significantly developing our nation's productive forces, promoting the entire socialist cause, and improving the people's living standard, so that our country's socialist system can be developed and perfected on that basis. Our work in all fields has been carried out around the great objective of building a prosperous and strong country with an affluent people. Indeed, a lot of work was done during the first-stage party rectification and positive results were achieved. But we should not overestimate them and this can be demonstrated by the new, serious unhealthy practices appearing toward the end of the first-stage party rectification.

During second-stage party rectification, we should enhance our achievements, overcome our shortcomings, draw on the experience and lessons gained during first-stage party rectification, make great efforts to carry out education in party spirit, lofty ideals, and a sense of discipline and improve the quality of party members. The Communist Party must always maintain the nature of the vanguard of the proletariat. The current great undertakings of reform, opening to the outside world, and invigorating the economy under the leadership of our party are a rigorous test for every party member. Party members and cadres with party membership on all fronts should conscientiously pay attention to tempering themselves in the party spirit. The party Constitution clearly stipulates: "Members of the Communist Party of China must serve the people wholeheartedly, dedicate their whole life to the realization of communism, and be ready to make any personal sacrifices." In order to reach this standard, they should first and at least have lofty ideals, moral integrity, culture and a sense of discipline, particularly ideals and a sense of discipline. Otherwise, they are not even qualified to be model citizens, much less party members. At present, the momentum of reform is good and initial results have been achieved. The economic situation is very good. Some problems appeared at the end of last year but measures were immediately taken after they were discovered and the situation has been gradually stabilized in the past 6 months. This shows that we have substantial capacity to bear economic pressure. Of course, under no circumstances should we lightly treat the various problems emerging in the course of advance. We must soberly know that the good situation can become bad if we fail to properly handle those problems meriting serious attention, and particularly if our party does not have a number of party members who can resist both spiritual and material corruption under any circumstances.

A communist must have lofty ideals, a sense of discipline, and strong party spirit. These are the essential things for judging whether a party member is qualified or not. Party organizations at all levels must strengthen education on party spirit and regard it as a major event which should be regularly attended to. They must grasp it assiduously and tenaciously. A famous saying of Engels goes: "It is a matter of course to judge of a man not by his professions, but by his actions; not by what he pretends to be, but by what he does and what he really is." ("Collected Works of Karl Marx and Frederick Engels," Vol 1, p 579)

The party spirit of a party member cannot be judged by what says alone but by what he does as well. Party spirit is expressed in his daily words and actions.

Second, To Oppose Bourgeois Liberalization and Intensify Ideological and Political Work

In dealing with erroneous thinking or erroneous tendencies in the party, our party's principle has always been, and still is, to proceed from reality to solve the problem, regardless of whether the problem is "leftist" or rightist in nature. We must continue to eliminate "leftist" influence left over by the "Great Cultural Revolution," and to implement various policies of the party -- the policy toward the intellectuals in particular. We must draw on past lessons. We must oppose whatever erroneous tendency has appeared. However, we must not launch any campaign or magnify problems. There are problems that cannot and need not be classified as "leftist" or rightist.

During the first-stage party rectification, we carried out a widespread education to negate completely the "Great Cultural Revolution" and eliminate "leftist" influence, and the education yielded good effects. During second-stage party rectification, we should continue to pay attention to solving such problems. At the same time, we should guard against, and oppose, rightist ideals, which might appear, or have already appeared, under the new situation. Examples of the latter are bourgeois liberalism, "putting money above all else," taking advantage of one's power to seek private interests, seeking private gain at public expense, moral degeneration, worshipping foreign things and flattering foreigners, disregard of national and human dignity, and so on. How can we not oppose them? We must oppose them. However, we must oppose them in an appropriate manner and should not magnify problems. The principle and policy of "preventing spiritual pollution in ideological fronts" is absolutely correct. Some fruitful work has been done for some time. The shortcoming is that some localities and units have, over a certain period, adopted some inappropriate methods and the tendency of magnifying problems once appeared. However, the duration of such practices was not long and they were corrected by the Central Committee once they were discovered. From now on, it should be stressed that spiritual pollution should be stopped at all times on ideological fronts and only methods that will not lead to past shortcomings should be used. Much painstaking work is needed in handling any kind of ideological problem. Education through practice is needed and oversimplification should be guarded against.

Since the 3rd Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has repeatedly stressed that under new historical conditions, we must grasp two aspects. We must grasp reform and the policy of opening to the outside world and enlivening the domestic economy. We must also grasp the work of cracking down on economic crimes and other criminal activities. Recently, he has particularly emphasized the need to strengthen ideological and political work, another very important aspect which cannot be relaxed or forgotten at any time.

The most important ingredients of such work are to carry out education in upholding the four cardinal principles and in "having lofty ideals, moral integrity, education, and a sense of discipline," to oppose, and resist, corruption by decadent capitalist and feudal thinking, and to oppose bourgeois liberalization. At present, there are actually an extremely small number of people who are spreading ideas of bourgeois liberalism. Among them are some party members. We should exercise patience in helping these people and should not use the big stick on them. Nevertheless, we must distinguish right from wrong ideologically and politically and must solemnly point out that what they say is wrong.

Not long ago, Comrade Deng Xiaoping pointed out: "The 3rd Plenary Session of the 11th CPC Central Committee decided to implement the policy of opening to the outside world and at the same time demanded an end to the tendency of liberalization. These are correlated. If we do not stop the tendency of liberalization, we cannot implement the policy of opening to the outside world."

"Currently, liberalist thinking exists, not only in society, but also in our Communist Party. In order to undertake the four modernizations and pursue the policy of opening to the outside world, we must not practice liberalism. The trend of liberalization will disorganize our undertakings. In short, we have an objective -- that is, to have a stable political environment. Nothing can be done if we do not have a stable political environment, and this is a big truth in the governing of a country. This big truth overrides many small truths, because the small truths won't work without a stable political environment even though they are reasonable." The principle of "letting a hundred flowers blossom and a hundred schools of thought contend" put forward by our party remains unchanged and it will not be changed. However, we must oppose bourgeois liberalism and views and activities that oppose the four basic principles. Ours is a socialist country under the people's democratic dictatorship and practicing capitalism is not permitted. Comrade Deng Xiaoping also said: "In our country, to practice bourgeois liberalism is to take the capitalist road," and "then, our society will become disorderly and unstable and we shall accomplish nothing in construction; and to us, this is a very crucial matter of principle." This is a solemn declaration, telling people that we must persistently take the socialist road from beginning to end, and oppose any tendencies, words, or deeds in taking the capitalist road. This political orientation for our national and social development should never change until we fulfil our ultimate aim of realizing communism.

Currently there is another problem that merits attention -- that is, the spread of small journals and books publicizing unhealthy things, and particularly hand-written copies of pornographic stories, pictures, videos, and videos about absurd superstitions and rascally "swordsmen." Those bad things are not only interfering with the building of socialist spiritual and material civilizations and reform, but are also seriously detrimental to public order. Such a situation is a reflection of the faintheartedness of ideological and political work in some localities and organizations. It is even more serious that some of our leading organs and cadres have been showing weakness and incapability since these pornographic and bad items became rampant in poisoning the people, particularly the youngsters. Currently, such problems have aroused our attention, and all localities are taking positive measures to solve them. We should notice that, although the pornographic videos and other obscene items have been banned by the State Council in explicit orders, some unhealthy small journals, books, and martial art videos look legitimate because they do not barefacedly publicize obscenity, but, in fact, publicize something about feudal underworld gang "justice" and patriarchal clan-ship of the old society, matters of bad taste that lure people to degeneration and to commit crimes. Those very unhealthy things are obstructing people from undertaking socialist modernization, from building socialism with Chinese characteristics, and from building socialist spiritual civilization. If we do not overcome them, they will inevitably lead people astray. Comrade Hu Yaobang, in a recent speech, quoted a passage from Lenin, reminding us that we should never stuff people's minds with "spiritual garbage," which is "90 percent uselessness and 10 percent distortion," leading people to bad taste, and that we should make people, particularly the young, cultivate high values and work hard for China's rejuvenation. We must step up the building of socialist spiritual civilization, resolutely oppose corruption by decadent capitalist and feudal thinking, and help people, especially the young, resist such corruption. We must take effective measures to resolutely put things in order and ban those reactionary, pornographic, and bad-taste videos, books, journals, and tabloids. At the same time, we should earnestly strengthen our routine ideological and political work, and conduct thorough education in patriotic, collective, socialist, and communist ideas among party members and the people. We should lead them in resolutely building spiritual and material civilization at the same time and in striving for China's rejuvenation.

Third, the Relationship Between Party Rectification and Reform Must Be Correctly Handled

We are undertaking party rectification, while we are carrying out reform, opening to the outside world, and invigorating our economy. Under such a new situation, we need to have a profound understanding of many new things. For example: The ideas put forward by the party Central Committee that some people and some localities should be allowed to become prosperous first; that the state-run economy, the collective economy, and the individual economy, which is a necessary supplement to the first two, should coexist for a long time to come and that individuals can do businesses and run enterprises within the scope permitted by the state law and policies; and that it is necessary to make efforts to develop the socialist planned commodity economy, and so on. Regarding the contents, nature, and significance of these ideas, we must have a clear understanding and further deepen our understanding in the course of practice. Comrade Deng Xiaoping has pointed out: "The four modernizations, which we are undertaking, are socialist modernizations, not other modernizations." In building socialism, we must uphold public ownership as its mainstay, and go for common prosperity. We should never cause polarization and give rise to a new bourgeoisie. Comrade Chen Yun has also pointed out: "The economic construction being undertaken by our country, under the leadership of the party Central Committee, is socialist economic construction, and the economic structural reform is socialist economic structural reform. Every Communist Party member must keep firmly in mind at all times that we are undertaking four socialist modernizations, not other modernizations. Our undertakings are socialist undertakings." We shall likely go astray if we do not understand and handle in this way our ongoing reform and economic work, if we fail to straighten out our thinking, and fill our mind with socialist ideology, and if we even regard capitalist things as socialist.

As party rectification is undertaken while we are carrying out reform, we should constantly pay attention to handling the relationship between party rectification and reform well. Reform is in the interest of the whole. Party rectification must ensure and promote reform, and we must be very definite and firm about this point. Reform is indispensable. If we do not carry out reform, our socialist economy will not develop in a sustained, steady, and coordinated manner, and it will be difficult for us to attain the magnificent goals of quadrupling the gross annual output in the industrial and agricultural production by the end of this century, and catching up with or getting close to the level of the world's economically developed countries. We must resolutely implement the policy of "Be steadfast, be prudent in fighting the first battle, and be sure to win" formulated by the party Central Committee, and carry out the reform well. Party rectification and all other work must be subordinate to and serve this issue, which is in the interest of the overall situation. At the same time, we should, in the course of reform, constantly pay attention to educating all comrades in our party and all people in our country to have lofty ideals, moral integrity, culture and a sense of discipline, especially lofty ideals and a sense of discipline. Such an education is also in the interest of the whole, because it is a necessary and extremely important ideological and political condition for ensuring and promoting reform. If we fail to do a good job in party rectification, if no marked results are obtained in rectifying the party's ideology, work style, discipline, and organizations, and if the party's style is not correctly set, it will be impossible for reform to proceed smoothly. In that case, reform will deviate from its correct direction, and will encounter boycotts, distortion, and sabotage by various "countermeasures," and some will violate law and discipline in the name of "reform" at the expense of the country and the people. It is wrong to think of party rectification as conflicting with reform. It is also wrong to regard party rectification and the efforts to reform, open to the outside world, and enliven the economy as the same thing, and slacken efforts for party rectification.

In the first stage of party rectification, the Central Commission for Guiding Party Rectification pointed out that it was necessary to follow the correct guidelines on professional work as an important aspect in achieving ideological unity. Practical experience has proven this decision to be correct, and positive results have been achieved in this regard.

However, when we summed up the work of first-stage party rectification, we also discovered this problem: Some units paid attention to "following the correct guidelines on professional work" for a while but failed to satisfactorily accomplish other tasks in party rectification. It is very necessary to follow the correct guidelines on professional work, but this cannot substitute for carrying out other tasks in party rectification. One actually cannot effectively follow the correct guidelines on professional work if one does not link such guidelines with other aspects in the achievement of ideological unity and with work in the rectification of party style, the strengthening of party discipline, and the consolidation of party organizations; and one actually cannot do so without strengthening one's party spirit, improving one's party style, strengthening one's sense of organization and discipline, and stepping up ideological and political work. As Comrade Hu Yaobang pointed out in a recent speech, "It will not do if attention is paid only to professional work and not to political thinking. We have corrected the guidelines on professional work in the course of party rectification over the past 2 years, and this is of great significance for us to have gotten our work on all fronts into the orbit of really serving the drive for socialist modernization. At the same time, however, many localities and departments have paid attention only to following the correct guidelines on professional work, without linking their doing so with the strengthening of party spirit. Such being the case, it is impossible for them to have a correct concept of party spirit and is thereby very difficult for them to follow the correct guidelines on professional work." This should attract the attention of party committees at all levels, and they should conscientiously attach great importance to it.

In order to lead the ongoing education on ideals and discipline in intensity throughout the party, to fundamentally deepen party members' concept of party spirit, and to increase the party's combat capacity, the Central Commission for Guiding Party Rectification has decided to regard Comrade Deng Xiaoping's five recent important speeches and Comrade Chen Yun's important speech at the national conference for exchanging experience in improving party style on 29 June as documents for study during party rectification and as documents for guiding work in consolidating the fruits of party rectification and for guiding routine ideological and political work. After reading these documents, I have been greatly enlightened on two points. One is that we must educate the broad masses of people inside and outside the party and our future generations to foster lofty communist ideals and not to become captives of the decadent capitalist ideology. Another is that our practices of opening to the outside world, using foreign funds, and allowing some people and some localities to become prosperous first are based from beginning to end on the socialist public ownership and on common prosperity and that the purpose of opening to the outside world, enlivening the economy, and conducting economic structural reform is to develop the socialist economy. Party committees at all levels must organize all party members to properly study these important speeches by Comrades Deng Xiaoping and Chen Yun, to understand their essence, and to implement their guidelines in all work and actions.

#### PROBLEMS OF ENSURING SMOOTH SUCCESSION EXAMINED

HK310401 Beijing CHINA DAILY in English 31 Oct 85 p 4

[Article by Gao Jingzeng, of the Marxist-Leninist Research Institute under the Chinese Academy of Social Sciences: "Problems of Passing on Power"]

[Text] In September, 131 veteran senior cadres offered to resign from the three major Party central bodies, while 64 younger people entered the Party's Central Committee and eight were elected to the Political Bureau and Secretariat at the Fifth Plenary Session of the Party's 12th Central Committee.

The changes demonstrate that the party's policy of staffing the key posts with younger cadres to ensure smooth succession of leadership and abolishing lifelong tenure in these posts is going well.

The problems of ensuring smooth succession of leadership and abolishing lifelong tenure in leading posts are typical of those confronting the international communist movement.

It was only after drawing on the experience of other socialist countries as well as our own that the party instituted the present policy.

When Joseph Stalin was selected general secretary of the Soviet Communist Party at the party's 11th Congress in 1922, he was only 43 years old. Under his leadership, the Soviet Union became a powerful industrial socialist country and contributed greatly to the defeat of Nazi Germany in World War II. Though a great Marxist and leader of the proletarian revolution, Stalin made many serious mistakes in his later years. His insistence on lifelong tenure in leading posts, to a large extent, accounts for many of the mistakes he made, and in his later years he became cut off from reality and isolated from the masses.

Mao Zedong was only 56 in 1949 when he proclaimed the birth of the People's Republic. Later on, as chairman of the Chinese Communist Party and the central government, Mao made outstanding contributions to the consolidation of the people's political power, recovery of the economy, socialist transformation and the initial stage of industrialization.

However, in his later years, Mao Zedong also became isolated from reality and the masses. Based on an entirely wrong assessment of the political circumstances of the country and party, he put forward a theory of "continuing revolution under the dictatorship of the proletariat," which culminated in the "cultural revolution." The party and the country suffered great setbacks. Lifelong tenure in leading posts, among other things, was responsible for his mistakes.

To abolish this institution, a policy of pumping new blood into the leading bodies of the party is necessary. The timing of the succession is of vital importance. The experience of the international communist movement shows that the succession should be carried out when the old generation of leaders are still alive, not after they have passed away.

Young and middleaged cadres are energetic, receptive to new things, have better technical and educational qualifications and have experience in the art of leadership at grassroots level.

When they are promoted to the leading posts of the party and state, these cadres can have easy access to the advice and experience of veteran leaders who, for a while, stay on in leading posts. In this way, the old and young can make a perfect combination. It not only helps the younger cadres to mature but also guarantees the continuity of the party's policies and principles.

The Chinese Communist Party has set the succession of leadership in motion while the veteran senior leaders such as Ye Jianying, Deng Xiaoping, Li Xiannian and Chen Yun are still living. This is policy of strategic importance that ensures the continuity of the Party's policies.

A question arises here: How should individuals be chosen -- by personal appointment through a principal leader or by collective succession through democratic recommendation and election?

Experience has shown that the latter is preferable. For one thing, a leading unified team is called for in directing economic construction and reform. It is hard to imagine that things can go on smoothly when principal leaders are divided over major policies.

Secondly, recommendation and election of cadres on a broad basis represents the choice of many minds, which is wiser than the choice made by a single aging leader.

Furthermore, there are often toadies currying favour with a principal leader in order to wheedle high posts. If the leader accepts flattery with relish, he might regard this type of person as a trustworthy comrade and promote him into a leading post.

If this happened on a large scale, the future of the country would be left at the mercy of careerists or schemers. Moreover, arbitrary appointment of successors by a leader runs counter to the party's principle of democratic centralism.

Drawing lessons from history, the party instituted collective succession at the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party in 1978.

The Party's policy of promoting younger cadres to leading posts and ending lifelong tenure in these posts needs to be advanced and perfected in the future.

#### OFFICIAL VIEWS PROGRESS, TASKS OF ECONOMIC REFORM

HK291311 Beijing BAN YUE TAN in Chinese No 19, 10 Oct 85 pp 14-19

[Article by Gao Shangquan, vice minister in charge of the State Commission for Restructuring the Economic System: "On the Situation and Tasks of Reform"]

[Text] More than 6 years have elapsed since China initiated the reform of the economic structure. If we divide the reform of the economic structure into different stages, the first stage, namely, the period from the 3d Plenary Session of the 11th CPC Central Committee in December 1978, to the 3d Plenary Session of the 12th Central Committee in October 1984, would be the stage of preparation and exploration. During this period, we achieved initial successes in rural reform and made explorations in urban reform and gained some useful experience. The second stage, that is, the period from the decision of the CPC Central Committee on reform of the economic structure adopted by the 3d Plenary Session of the 12th CPC Central Committee in October 1984 to the end of the Seventh 5-Year Plan in 1990, would be the stage of all-round reform and the most important period in the entire course of the reform of the economic structure. The third stage would be the period after 1990, in which reform will be further perfected. Generally speaking, the situation of reform at the previous stage has been fine.

#### The Pattern for Sure Initial Success Has Taken Shape

Since the 3d Plenary Session of the 12th Central Committee, China has made significant progress in restructuring its economic system and the pattern for sure initial success has taken shape.

First, under the absolute predominance of public ownership, new progress has been made in initiating various forms of economic operation. More than 40,000 small stage-operated commercial enterprises have been shifted to collective operation. More than 5,000 have been shifted to collective ownership, and another, 5,000 have been leased to various collectives. Following the diversification of economic operation, the volume of business as well as the amount of profits and taxes turned over to the state have increased substantially. By the end of June 1985, there were nearly 4 million self-employed workers, 17.4 percent more than 1984, and they have been playing a positive role in enlivening the market and in providing all kinds of services.

Second, the operation of enterprises has become more dynamic. After the administrative departments at various levels streamlined their operation and delegated more authority to enterprises, the enthusiasm of enterprises and their staff and workers has heightened because they now have greater authority in setting their production plans, marketing their products, fixing the prices of their goods, spending their capital, managing their personnel, and carrying out cooperation projects with one another.

Third, an important and brave step has been made in reforming the price system, and an initial step in wage reform has been made in various organs and institutions. Pilot projects linking the total amount of wages with economic effectiveness have been carried out in a number of enterprises.

Fourth, the development of inter-regional economic ties has enlivened the market, giving play to the pivotal role of cities. The number of cities that have carried out experimental projects of restructuring their economic system has now increased to 58. Statistics show that there were 17,000 regional cooperation projects in 1984, including a total investment of over 4 billion yuan in setting up factories. Many cities have come to realize the need to do business with their doors open. More than 400 factories and stores have been set up in Wuhan City by other provinces and localities.

Fifth, rural reform keeps developing. After the lifting of state mandatory purchasing of farm produce market regulation under the guidance of state planning has come into force, promoting the development of commodity economy and the restructuring of agricultural production. There are now more than 460,000 economic combinations of various descriptions, with more than 3.5 million rural laborers. The economic combinations include ties between state units and collectives, between collectives themselves, between collectives and self-employed workers, between units providing preproduction and postproduction services, between production and management, between units providing technical know-how or capital, and so forth.

Sixth, new progress has been made in opening up to the outside world. In 1984, the state approved a total of 741 Sino-foreign joint ventures, involving 2.66 billion yuan in foreign capital.

Seventh, economic legislation has had a good start. From the 3d Plenary Session of the 12th CPC Central Committee through August this year, the NPC Standing Committee and the State Council promulgated more than 30 economic laws and regulations.

Eighth, reforms have brought about a fundamental improvement in the state's financial and economic situation, and a benign cycle characterized by sustained, steady, and coordinated economic development has appeared. Take the state's financial revenue for example -- the nation's financial receipts during the January-August period were 21.8 percent higher than those for the same period in 1984.

Ninth, the need to establish a socialist economic system with Chinese characteristics has been more clearly understood. The course of reform has become increasingly explicit and some initial experiences have been accumulated. First, people are aware of the need to have "a firm direction in reform, but prudence in taking the steps of reform." Second, the mode of economic development and the mode of reform should be consistent; the unrealistic pursuit of high growth should be avoided; attention should be attached to the development of infrastructural and tertiary services; national economic planning should be based on the need for consumer goods; the previous pattern of economic development should be changed; and there should be more leeway for reform. Third, macroscopic and microscopic reforms should proceed simultaneously. While enlivening the local initiative is reform, so is making overall control more efficient. The old practice of achieving arbitrary uniformity through overall control should not be reinstated.

Fourth, the relationship between the reform of individual projects and the reform of related, supplementary projects has been understood more clearly. The part should coordinate with and be subordinated to the whole. Reform should be coordinated with legislation. Fifth, administrative means should be reduced and economic means should be relied upon in most cases; but the necessary administrative means are still essential, and should even be intensified under certain circumstances. Sixth, new understanding has been achieved in the relationship between destruction and construction. The extent of macro-flexibility should be compatible with the capability of macro-control. Seventh, the arduousness and complexity of reform as well as its urgency have been realized. Reform will help build a prosperous country with affluent people, but it requires time and even involves some risks, and there will be no instant results like striking at the local tyrants and dividing up their land as in former years. Eighth, opening up to the outside world should be compatible with export and foreign exchange earned; and a faster pace is not necessarily better. These experiences are our precious wealth and they are highly useful for carrying out further reforms in the future.

Tenth, the current reform has generated far-reaching international influence, and the Third World has highly evaluated our reform. The United States, Western Europe, and Japan have all been attaching great attention to our reform. Former FRG Chancellor Schmidt said: "China's economic reform is the greatest experiment in the entire economic history."

Since we have paid special attention to the central task of invigorating our enterprises, enterprises, reforming the price system, which determines success or failure in the restructuring of the economic system as a whole, and seizing the opportunity for reform, the momentum of reform has been strong throughout the process.

#### The Main Problems We Are Facing

While the situation of the reform of the economic structure is fine, there also exist a number of problems, particularly the problem of loss of control of certain macroeconomic affairs since the fourth quarter of 1984. The problems include the overly rapid growth in industry, the excessive large scale of capital construction, the drastic increase in consumption funds and credit, the price hikes in some commodities, the decrease in foreign exchange reserve, and certain unstable factors in economic life. In addition, the reform itself lacks guidance in overall planning and reform measures are not well-coordinated; the quality of cadres is inferior and the organizational structure of the higher levels does not suit the needs of reform. The CPC Central Committee and the State Council have promptly adopted resolute measures and are solving these problems in a step by step manner.

#### The Tasks Ahead

The period of the Seventh 5-Year Plan is a crucial one for the overall reform of the country's economic structure. We must give reform top priority if we want to lay the foundation, over the next 5 years and beyond, for a vigorous socialist economic structure with Chinese characteristics and promote the development of social productive forces.

While carrying out the reform of the economic structure during the period of the Seventh 5-Year Plan, we must do the following three interrelated things. First, further invigorate enterprises, second, further expand the planned socialist commodity market and gradually improve the marketing system; and third, gradually relax the state's direct control over the economic operation of enterprises in favor of indirect controls. Centered on these three things, the reforms of the planning, pricing, finance, monetary, and labor and wages systems must be well-coordinated.

First, we must further invigorate enterprises, particularly the large and medium-sized enterprises owned by the whole people, so that they can truly become relatively independent producers of socialist commodity production, responsible for their own profits and losses.

In invigorating enterprises, we must rely mainly on internal force, that is, the efforts of enterprises. However, it is also necessary to create external conditions for them. We must make further efforts to simplify administrative procedures, delegate power, and transfer the decisionmaking power of micro-operation direct to enterprises. The advanced enterprises, which have attained better economic results, but have to pay high regulative tax rates, should be duly exempted from regulative taxes. We must create an environment for all kinds of enterprises to equally enter into competition. We must gradually reduce mandatory planned quotas and give enterprises greater decisionmaking power in production, supply, and marketing. Meanwhile, enterprises should have more retention of profits to expand reproduction.

While invigorating enterprises, it is also necessary, under the absolute predominance of public ownership, to further develop diversified economic forms and operational methods. Some small enterprises owned by the whole people can be switched to collective or individual management through contract, lease, or other forms. An experiment in joint stock economy can be conducted to explore a form of socialist joint stock economy which is based on public ownership, suitable to our national conditions.

With the development of the reform of the economic structure, two noticeable trends will appear in the economic and operational forms. First, the traditional setup of the three sectors -- the individual, the collective, and the whole people, which are completely separated from each other, and the transition from the individual to the collective sector and from the collective to the whole people will both be eliminated and be replaced by the long term coexistence of various economic forms under the predominance of the state economy, in which each sector will give full play to its own advantages. Second, the centralization and integration of ownership, power of operation and decisionmaking will be eliminated. Ownership will be duly separated from the power of operation and the power of operation will be duly separated from the decisionmaking power.

Second, we must further develop the socialist commodity market and gradually perfect the marketing system.

We must establish and develop a socialist commodity market under planned guidance. It should have the following characteristics. First, the market is made open in a planned manner under proper leadership; second, with its advantages in funds, equipment, and technology, state commerce participates in market regulation and plays the role of handling goods and materials and keeping down the prices; third, the price system is reformed under state control and leadership; and fourth, manpower is not a commodity. Land, mines, banks, and railways are not commodities either.

While expanding the market for consumer goods, it is also necessary to vigorously develop the market for means of production. In order to meet the development of the commodity market, it is essential to exploit and develop the market for funds, technology, and labor service.

Third, we must gradually relax the state's direct control over the economic operation of enterprises in favor of indirect controls.

The change from direct control to indirect control is a fundamental reform. In order to exercise indirect control, it is necessary to establish a new macroeconomic control system, which includes planning, economic levers, economic decrees, and organization.

The planning system. While carrying out the reform of the planning system, it is necessary to appropriately reduce the scope of mandatory planning and extend guidance planning. The stress of planning work should be put on the following four transformations: first, the transformation from annual planning to mid-and long-term planning; second, the transformation from planning to overall balance in society; third, the transformation from material target management to value management; and fourth, the transformation from using administrative means to using economic policies and means to exercise indirect and all-round macrocontrol.

The economic lever system. The key link to strengthening macrocontrol and exercising indirect management lies in applying economic levers in a coordinated manner and giving proper play to the role of financial and monetary policies. The general demands in society should be regulated and controlled by financial taxation and monetary means. The proportion of distribution between the state and enterprises should be readjusted step by step and enterprises should be allowed to increase retention of their profits after paying taxes.

From now on, the building of basic facilities and nonprofitable undertakings should be financed with the investment called for by the state budget, while the investment of the profit-making enterprises and institutions should be raised through joint ventures, mustering funds, and bank loans. Meanwhile, the state will give proper guidance to the ex-budgetary investment by means of subsidies or support in terms of interest.

The economic decree system. Economic legislation must be strengthened to promote and ensure the smooth progress of the reform of the economic structure. There should be stipulations in quality and quantity in drawing a clear line of demarcation between legal and illegal practices and between the activities that are permitted and those that are not. The drafting period for laws and decrees must not be too long.

The organization system. It is necessary to strengthen the overall economic management departments and improve the policy making level and ability of exercising macro-control of the working personnel. We must enhance the economic supervisory departments, which include industrial and commercial administrative management, auditing, statistics, measurement, and standardization, and set up economic supervisory organs. We must also simplify and consolidate the specialized departments so that these organs can meet the needs of economic reform.

The proposal of the CPC Central Committee for the Seventh 5-Year Plan for national economic and social development points out: "The period of the Seventh 5-Year Plan is a crucial one for the overall reform of the country's economic structure. We must give reform top priority if we want to lay the foundation, over the next 5 years or more, for a vigorous socialist economic structure with Chinese characteristics."

On the basis of the successes achieved in reform and with the concerted efforts of the whole nation, we will certainly be able to win and realize the grand objective so long as we unswervingly follow the road of reform in accordance with the line and principles of the CPC Central Committee.

BAN YUE TAN DISCUSSES SEVENTH 5-YEAR PLAN

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[Article by the BAN YUE TAN Economic Editorial Office: "Questions and Answers on Studying the Proposal for the Seventh 5-Year Plan -- capitalized passages published in boldface]

[Text] WHAT ARE THE MAIN POINTS OF THE PROPOSAL OF THE CPC CENTRAL COMMITTEE FOR THE SEVENTH 5-YEAR PLAN?

The recent National Conference of Party Delegates adopted the "proposal of the CPC Central Committee for the Seventh 5-Year Plan for national economic and social development." It consists of three main points: first, the guiding ideology for China's economic work during the Seventh 5-Year-Plan period and its objectives; second, the basic strategy and major policy for economic and social development; and third, suggestions for economic structural reform and steps for its implementation. The "proposal" is a programmatic document that will guide us in drafting our country's Seventh 5-Year Plan (1986-1990).

HOW SHOULD WE CORRECTLY ASSESS THE CURRENT ECONOMIC SITUATION?

The current economic situation can be summarized in one sentence: The task of striving for a fundamental turn for the better in the state's financial and economic situation has been basically completed. This conclusion is based on the fact that our national economy has begun to develop in a sustained, stable, and harmonious way.

The balance of agriculture, light industry, and heavy industry and the ration between accumulation and consumption have improved after several years of efforts. Agricultural production has picked up speed and is forging ahead, developing overall; light industrial production, which used to be far from meeting the people's needs, is expanding day by day; and energy output, formally at a standstill, has entered a period of steady growth. New progress has been made in all fields of endeavor and the living standards of both the urban and rural population have improved markedly.

Past economic work was geared primarily to the peoples' needs for food and clothing. Consumption patterns and the production structure have now changed markedly. This is an important stage in China's economic development. From here on, the economy will gradually shift from meeting the people's basic needs for food and clothing to enhancing the quality of their lives. By the end of this century the Chinese people will have achieved a relatively comfortable standard of living.

The economic problems and difficulties that surfaced in the fourth quarter of last year were due to an excessive rate of industrial production growth, excessive investment in fixed assets, overexpansion of credit and consumption funds, sharp increases in some commodity prices, and a drop in state foreign currency reserves.

Thanks to measures that have been taken, and are being taken, by the central authorities and the State Council, these problems are gradually being solved.

WHAT ARE THE TASKS IN THE PERIOD OF THE SEVENTH 5-YEAR PLAN?

There are three main tasks in the Seventh 5-Year Plan period. First, to create a sound economic and social environment for the smooth progress of the structural reform, thereby laying the groundwork for a new type of economic structure; second, to speed up construction of key development projects, technological transformation, and intellectual development, in order to provide the material and technological conditions necessary for continued economic and social development in the 1990's; and third, to continue to improve the people's living standards. Of these three tasks, the first is the most important.

#### WHAT BASIC GUIDELINES SHOULD BE FOLLOWED IN CARRYING OUT THE ECONOMIC WORK DURING THE SEVENTH 5-YEAR PLAN PERIOD?

There are four basic guidelines to follow. They are 1) to persistently put reform in the first place so that reform and construction go hand in hand, each promoting the other; 2) to persistently strike a basic balance between overall social demand and overall social supply so that accumulation and consumption can be appropriately balanced; 3) to persistently elevate the improvement of quality and economic results to an extremely prominent position and correctly handle the relationship between quality and quantity and between economic results and growth rates; and 4) to persistently work hard to energetically strengthen the building of spiritual civilization while advancing the building of material civilization.

#### WHY DO WE SAY THE SEVENTH 5-YEAR PLAN IS A 5-YEAR PLAN FOR CARRYING FORWARD ECONOMIC STRUCTURAL REFORM IN A COMPREHENSIVE WAY?

Reform has stimulated the development of productive forces and resulted in a series of profound changes in economic life, social life, people's work style, and their mentality. Reform is part of the self-perfecting process of the socialist system and to a certain scope and degree, it is also a revolutionary change. It is a major undertaking that shows we have begun to find a way of building socialism with Chinese characteristics.

The period of the Seventh 5-Year Plan is a crucial one for general reform of the country's economic, science and technology, and educational management systems. Without reform, nothing can be accomplished. Only when we stick to reform can we solve all problems that await us. The significance of reform is not confined to immediate interests. Laying a solid foundation for sustained and stable economic development for the next decade and the first half of the next century is our most important task.

During the period of the Seventh 5-Year Plan, we must give priority to reform in carrying out economic work, so that reform and construction will go hand in hand, each promoting the other. In essence, reform serves economic construction. In terms of the present situation, construction should be designed to smoothly advance reform. If we concentrate on excessively high growth rates, there will be intense strains on all fields of economic life and reform will hardly progress smoothly. Once the various defects in the present system, which are fettering the development of productive forces, are promptly removed and a dynamic management system is gradually established in all fields of endeavor, a basic foundation can be laid over the next 5 years or more for establishing a dynamic socialist economic structure with Chinese characteristics. China's economy can then assuredly develop in a sustained way in the next 5, 10, or 20 years, and even a little longer.

#### WHAT FUNDAMENTAL PRINCIPLES SHOULD WE FOLLOW IN CONDUCTING REFORMS?

In reform we should consistently follow two fundamental principles. One is the predominance of the socialist public sector of the economy and the other is common prosperity.

The planned use of foreign investment funds and the promotion of some individual economies are both serving the development of the socialist economy as a whole. It is precisely for the purpose of spurring more and more people to become prosperous until all are prosperous that some areas and people are encouraged to do so first.

WHAT ARE THE MAIN OBJECTIVES FOR ECONOMIC AND SOCIAL DEVELOPMENT DURING THE PERIOD OF THE SEVENTH 5-YEAR PLAN?

The "proposal" stipulates the following major objectives for economic and social development during the period of the Seventh 5-Year Plan: to strive to basically lay a foundation for establishing a new type of socialist economic structure with Chinese characteristics, to vigorously promote scientific and technological progress, to continuously raise economic results, to make the total value of industrial and agricultural output and the gross national product of 1990 at least double those of 1980, to progressively raise the average per-capita consumption level of both urban and rural residents by 4 or 5 percent very year, and to further improve the quality of people's life and their environmental and housing conditions.

In specific terms, by 1990 the country's total value of industrial and agricultural output will reach 1,600 billion yuan and its gross national product will top 1,100 billion yuan. For the next 5 years China's total revenue will amount to 900 billion yuan, an increase of more than 40 percent over the period of the Sixth 5-Year Plan. The fixed assets of enterprises under the system of ownership by the whole will grow by about 500 billion yuan, a 60 percent increase or more over the earlier period. In terms of consumption levels, with the growth of production the Chinese people will move steadily from having adequate food and clothing to being fairly well-off.

Fulfillment of these objectives will mean laying a foundation for the accomplishment of the magnificent goal of China's socialist modernization program, which is to strive to quadruple the gross annual value of industrial and agricultural production and to reach a comfortable, well-off standard of living by the end of this century, striving at the same time to approach the level of world developed countries by the middle of the next century.

WHY DO WE INTEND TO REDUCE THE CURRENT ECONOMIC GROWTH RATE?

It is estimated that the average annual growth rate of China's total industrial and agricultural output value during the Sixth 5-Year Plan will exceed 10 percent, which is higher than the 7.2 percent required for achieving quadruplication by the end of the century. The growth rate of the total industrial output value in the first half of this year was 23 percent, almost 100 percent higher than in the previous year. This state of affairs was the result of our implementation of policies, which mobilized the enthusiasm of all sides concerned and pumped a new life into them. On the other hand, such abnormal factors as overextension of the scale of production, overexpansion of consumption and credit funds, and excessive spending of foreign exchange were also attributable to that state of affairs. What counts for the next 5 years is reform, which needs a relatively relaxed economic environment. If the overstretched scale of capital construction is not reduced and if there are intense strains in such areas as communications, energy, raw materials, banking, prices, market, and people's psychology, policy relaxation and economic invigoration will be out of the question. Excessive growth of output value will surely result in an imbalance of supply and demand, affect prices and banking activities as a whole, and have a negative effect on reform and social conduct. It is better to be prudent.

During the period of the Seventh 5-Year Plan, the average annual GNP growth rate is projected to be 7 percent. It is correct and essential that we gradually reduce the current excessive growth rates.

This will help eliminate certain instabilities in the present economic situation and promote smooth, comprehensive reform of the economic structure. This also will help encourage the quarters concerned to focus more attention on improving product quality and economic results.

WHAT ARE THE MAJOR PRINCIPLES CONCERNING ECONOMIC CONSTRUCTION DURING THE SEVENTH 5-YEAR PLAN?

1. To further improve production conditions and promote steady, all-round development in agriculture through policy and science.
2. To strive to open up new branches of production in consumer goods industries and to energetically develop the civil building industry.
3. To muster the necessary financial, material, and technical resources to carry out, with due attention to quality and efficiency, a number of key projects in the energy, transport, telecommunications, and raw and semi-finished materials industries.
4. To accelerate the development of the tertiary industry that serves production and meets people's everyday needs and to gradually bring tertiary industry in step with primary and secondary industries.
5. To accelerate the expansion, renovation, and technological transformation of existing enterprises and to equip all sectors of the national economy with advanced technology.
6. To correctly handle the relationship between the eastern, central, and western economic regions, fully exploiting their advantages and developing their lateral economic ties so as to gradually establish economic networks around big cities, at different levels, of varying dimensions, and with distinctive characteristics.

WHAT ARE THE KEYS TO THE PROBLEMS IN PRODUCTION AND CONSTRUCTION DURING THE SEVENTH 5-YEAR PLAN PERIOD?

There are two keys to solving these problems.

The first is to vigorously raise the economic results of enterprises. Their poor product quality and high consumption of materials are fatal weaknesses in our economy, but for that very reason we have enormous potential for future development. We must tap that potential to expand the country's financial resources, increase the ability of enterprises to develop on their own, and improve the living standards of staff and workers. We must spare no efforts to improve product quality and reduce the consumption of materials so as to improve the economic results of enterprises.

The second key is to increase the ability of enterprises to earn foreign exchange through exports. Our ties with the world market depend on our ability to earn foreign exchange. Opening up to the outside world should not be confined to imports; there must be exports, too. The volume of imports is determined by that of exports. The key to energetically increasing the use of foreign capital and technology and speeding up the process of China's socialist modernization program is to increase foreign exchange earnings through exports. Another key to the successful fulfillment of the Seventh 5-Year Plan is to increase foreign exchange earnings and achieve a balance of international payments.

WHY DO WE SAY AGRICULTURAL GROWTH REMAINS THE IMPORTANT FOUNDATION FOR THE DEVELOPMENT OF CHINA'S ECONOMY AS A WHOLE?

Agriculture is the foundation of the national economy. We must provide the people with ample food and industry with sufficient raw materials and find our manufactured goods a market. With the expansion of large-scale commodity production, agriculture will become increasingly important to industry. In terms of the internal sectors of the rural economy, energetically developing agriculture, forestry, animal husbandry, sideline productions, and fishery is also the foundation for the development of other industries.

Some peasants are no longer interested in growing grain. Peasants engaged in industry and commerce earn more than those who grow grain crops. They are not even interested in raising pigs and growing vegetables, because, in their opinion, there can be "no prosperity without engaging in industry." We must address this problem. Township enterprises should be developed. Regrettably, the call of "no prosperity without engaging in industry" is heard much louder than that of "no economic stability without agricultural development." Agriculture requires a rather long production cycle; being limited in elasticity, the prices of agricultural products are apt to fluctuate drastically. Moreover, there is a problem of famine due to crop failures. Feeding and clothing 1 billion people is a major economic and political issue, for "grain shortages will lead to social disorder." We cannot afford to underestimate this matter. The average 800 jin of grain per capita cannot be considered large. At present peasants in some regions still have problems with food or clothing. It is thus impossible to use more grain to feed livestock, still less to export more high-quality grain. If we do not take into full account our country's huge population and capacity to withstand heavy grain strains and if we fail to pay close attention to grain production, it will be impossible to rationally readjust the rural economic structure. The healthy development of the national economy will also be jeopardized as a whole. During the period of the Seventh 5-Year Plan we must continue to steadily increase grain production rather than neglect it.

WHY DO WE SAY INVIGORATING ENTERPRISES, LARGE AND MEDIUM-SIZED ENTERPRISES IN PARTICULAR, IS A POLICY DECISION OF STRATEGIC SIGNIFICANCE?

Large and medium-sized state-owned industrial enterprises occupy an extremely important position in the national economy. Assuming the responsibility of carrying out state mandatory planning and providing the state with revenues, they play a backbone role in developing productive forces and advancing technology. The taxes and profits when industrial enterprises in cities hand over to the state constitute more than 80 percent of the nation's financial revenues. This fully indicates that whether or not enterprises are fully invigorated has vital importance to the overall situation in China's economy, to the fundamental improvement in the country's financial and economic situation, and to the accomplishment of the objective of quadrupling the annual gross value of industrial and agricultural production by the end of this century.

Why do we say improving product quality is a strategic task for socialist economic construction, a task to which particular attention should be paid?

Poor product quality has chronically plagued China's production and construction. Since the last quarter of last year, there has been a downward trend in the quality of some manufactured goods. The question of product quality has a bearing on the success or failure of the four modernizations and on the survival of enterprises. Domestically, inferior product quality cheats the customers and harms the people. Internationally, it affects export trade and damages the nation's reputation. In terms of growth rates, the attainment of better economic results must be taken as the prerequisite; in terms of economic results, quality must be taken as the foundation.

When product quality is improved all resources can be fully and effectively used, greater wealth can be created with less input, the varied needs of the people can be better met, and exports can be increased. We must correctly handle the relationship between quality and quantity and between economic results and growth rates, raising product quality and economic results to new levels. This is the fundamental means of accelerating China's progress toward modernization.

DURING THE PERIOD OF THE SEVENTH 5-YEAR PLAN, WHAT ARE THE PILLARS OF THE CONSUMER GOODS INDUSTRY?

Food, garments, and durable consumer goods industries are the three pillars of the consumer goods industry during the period of the Seventh 5-Year Plan.

With the question of having enough to eat and wear being basically solved, there have been gratifying changes in the consumption patterns of the people in our country. Their demand for consumer goods has increased steadily and considerably. During the Seventh 5-Year Plan, consumption patterns of both urban and rural residents will become diversified, with greater emphasis on better nutrition and improved clothing and housing. The demand for medium and high-grade consumer goods, including durables, will steadily increase. To meet the people's ever growing consumption needs, while continuing to do a good job of producing daily necessities, we must give priority to the food, garment, and durable consumer goods industries so that they can promote the expanded manufacture of consumer goods as a whole.

WHY DO WE SAY THAT SEVENTH 5-YEAR PLAN SHOULD BE A PROGRAM FOR BUILDING A SOCIALIST MATERIAL AND SPIRITUAL CIVILIZATION SIMULTANEOUSLY?

We must always bear in mind what we want to accomplish is the four modernizations, the socialist four modernizations. The aim of the reform policies we have adopted and our opening up to the outside world and invigorating the domestic economy is to build socialism with Chinese characteristics.

We exert ourselves for socialism not just because socialism provides conditions for faster development of productive forces than capitalism. We do so because only socialism provides conditions for faster development of productive forces than capitalism. We do so because only socialism can eliminate the greed, corruption, and injustice, which are inherent in the capitalist and other systems of exploitation. In recent years production has gone up, but the pernicious influence of capitalism and feudalism has not been reduced. Instead, some evil influences that had long been extinct after liberation have come to life again. We must be determined to change this situation as soon as possible. Otherwise, how can the superiority of socialism be brought into full play? How can we effectively educate our people, the younger generations in particular? The building of material civilization will suffer delays and setbacks unless the building of spiritual civilization is also promoted. We can never succeed in revolution and construction if we rely on material conditions alone.

We must grasp the building of a socialist material and spiritual civilization simultaneously. Neither should be overemphasized at the expense of the other. In doing ideological and political work, we must adhere to the four basic principles, putting the interests of the state and the people in first place and subjugating our effort to the party's general task and goal and to the construction and reform, which we are now carrying out. The influences of "leftist" ideology and the idea of following the beaten path or confining oneself to old conventions and refusing to change must continue to be overcome.

At the same time, it is necessary to strengthen education in ideals, morality, discipline, and laws and to resist and oppose the corrosive influence of decadent capitalist and feudal ideologies, bourgeois liberalism, and the idea of putting monetary and individual interests above everything else. All party comrades must consistently adhere to and propagate the lofty ideal of communism, together with the people of the entire country, always love the motherland, and spare no efforts to vindicate the honor and dignity of the Chinese nation.

TO ENSURE THE SMOOTH PROGRESS AND HEALTHY DEVELOPMENT OF OUR CONSTRUCTION, WHILE ADHERING TO THE FOUR BASIC PRINCIPLES, WHAT OTHER THINGS SHOULD BE DONE PROPERLY?

1) It is necessary that we unswervingly implement the policy of invigorating the domestic economy and opening up to the outside world, bringing every positive factor into play to develop the social productive forces. 2) It is essential that we firmly crack down on serious criminals in the economic and other spheres and bring about a comprehensive improvement in public order by relying on forces in all quarters in society so as to create a sound social environment for reform and construction. 3) It is imperative that we strengthen ideological and political work, thoroughly conduct education in patriotism, collectivism, socialism, and communism, resist and oppose bourgeois liberalism, the corrosive influence of capitalist, feudal, and other decadent ideologies, and display the spirit of working hard for the prosperity of the country and of dedication to the country's four modernizations program. This is the most important condition for the success of our undertakings in terms of ideology and the masses. It is also necessary to further develop socialist democracy, to perfect the socialist legal system, and to ensure and support the building of a socialist material and spiritual civilization.

WHAT ARE THE BASIC PURPOSES OF ALL THE POLICIES OF OUR PARTY AND STATE IN PROMOTING THE SOCIALIST MODERNIZATION PROGRAM?

Constantly raising the level of the people's material and cultural life as production grows and achieving prosperity for all members of the society are the basic aim of all the policies of our party and state in promoting the socialist modernization program. During the Seventh 5-Year-Plan period, we must keep to the principle of distribution according to work, continue to implement the policy of encouraging some areas, enterprises, and individuals to become prosperous before others, and concentrate on overcoming all obstacles to egalitarianism. At the same time, to ensure social stability and unity and to demonstrate the superiority of the socialist system, we should guard against wide discrepancies in income. We must make overall arrangements to employ the new labor force and create more job opportunities. By 1990 the average level of consumption for the country as a whole will increase by about 25 percent over 1985 and the discrepancy between the consumption levels of urban and rural residents will be further narrowed.

WHAT ARE THE GUIDELINES OF OUR COUNTRY FOR DEVELOPING SCIENCE AND TECHNOLOGY DURING THE PERIOD OF THE SEVENTH 5-YEAR PLAN?

1. To vigorously develop and put into wide use those scientific and technological inventions that can yield better and quicker results, energetically apply new technology to improving traditional industries, techniques, and products, and markedly raise the production and technological levels of the whole society.
2. To concentrate on tackling key problems, especially vital technological problems arising from economic and social development and strive to achieve results in major scientific and technological research projects.

3. To work hard to open up areas of new technology, with the stress on micro-electronic and information technologies. At the same time, accelerate research and development in such new fields as bioengineering, new material technology, and laser technology so as to gradually create a number of new industries.

4. To combine more effectively scientific and technological research at home with advanced technology introduced from abroad and accelerate the digestion, absorption, and further development of imported technology.

5. To continue to intensify research in applied and basic sciences and prepare the necessary scientific and technological reserves for long-term development.

WHAT NEW SITUATION WILL BE CREATED IN CHINA'S EDUCATIONAL WORK DURING THE SEVENTH 5-YEAR PLAN PERIOD?

We should make elementary education universal and gradually introduce 9-year compulsory education, while redoubling our efforts to eliminate illiteracy. We should also work hard to develop preschool education and special education for the physically and mentally handicapped. In cities, developed areas in coastal provinces, and a few developed interior areas, we should make junior middle school education universal and ensure its quality. In less developed towns and rural areas, we should give priority attention to making primary school education universal. At the same time, we should prepare to standardize junior middle school education during the Eighth 5-Year-Plan period. In economically backward areas, we should, as the economy grows, popularize elementary education in different forms and to varying degrees. We should energetically do a good job in elementary education in minority nationality regions and in areas where the minority nationalities live in compact communities.

We should vigorously develop vocational and technical education and make student enrollment in vocational technical schools at the senior school level equal to that of regular senior middle schools in most areas. In the meantime, we must develop vocational and technical education and short-term training at the junior middle school level. A total of more than 8 million students are to be trained in polytechnic schools and vocational and technical schools within 5 years, an increase of 150 percent over the period of the Sixth 5-Year Plan.

As far as the development of higher education is concerned, ordinary institutions of higher education are to turn out more than 2.6 million graduates through regular or special college courses, 70 percent more than in the years covered by the previous plan. Some 200,000 of these would be through postgraduate courses, an increase of more than 40 percent. While sending more students to study abroad, we should make proper job arrangements for returned students, taking full advantage of their expertise. We should continue to expand and improve adult higher education through such various forms as radio, television, correspondence, and evening universities. Within 5 years we need to train some 2 million specialized personnel with cultural, scientific, and technological qualifications at or above the levels of graduates from technical colleges. This would be a growth of 150 percent over the previous plan period.

WHAT IS THE GREAT SIGNIFICANCE OF THE COMPLETION OF THE SEVENTH 5-YEAR PLAN?

The 5 years of Seventh 5-Year Plan are very important. If, at the end of these 5 years, the reform has been basically completed and the economy is developing in a sustained, stable, and harmonious way, then we are quite sure to meet the targets set by the 12th CPC National Congress by the end of the century.

LI PENG COMMENTS ON OPENING TO OUTSIDE WORLD

OW301216 Beijing XINHUA in English 1205 GMT 30 Oct 85

[Text] Beijing, October 30 (XINHUA) -- China's policy of opening to the outside world, which is a fundamental state policy, was formulated to meet the objective requirements of world economic development, said Vice-Premier Li Peng, a member of the Political Bureau of the Chinese Communist Party Central Committee, at a meeting here today.

Speaking at the opening session of a Beijing symposium on industrial property, Li Peng said that every country has the objective need of developing its economy and technology and filling in the gaps by engaging in economic and technical cooperation and trade with other countries.

Craftsmanship and technology have become increasingly complicated and varieties of new materials and products have multiplied, with the rapid progress in modern science and the in-depth development of the new technological revolution, he explained.

In the contemporary world, no country can manufacture all the products it needs and no country can possess the resources and advanced technology needed to develop its national economy. Even the most developed countries are not exceptions, he continued.

China's policy of opening to the rest of the world was formulated precisely because of the need to learn advanced technology and successful management experience from foreign countries, Li Peng said.

The Chinese Government has always paid close attention to improving economic and technological legislation and it is an important aspect of the ongoing reform of the economic structure, the vice-premier said.

China's new trademark and patent laws and the joining of the "Paris Convention" have laid the basis for the institution of industrial property rights and the necessary legal protection for further expansion of economic and technological cooperation with other countries, Li Peng noted.

China should also learn from other countries in its efforts to improve economic legislation, he added.

JINGJI RIBAO ON MARKET REGULATION OF INVESTMENT

HK291131 Beijing JINGJI RIBAO in Chinese 19 Oct 85 p 2

[Article by Tao Zengji: "Market Regulation of Investments Does Not Work in Our Country"]

[Text] The growth of investment in fixed assets is a major problem that we must urgently solve in economic life. There are now two different opinions on how to solve this problem. One opinion holds that the key to solving this problem lies in strengthening the overall balance of the national economy, so the state should use various means to exercise all-round control over the national economy and should bring the scale of investment into line with the maintenance of a financial balance and a material supply balance. The other opinion holds that the "investment hunger" was caused by the fact that investments made by enterprises were all controlled by the state through financial appropriations, so in order to satisfy this hunger, the government institutions, including the state financial organs, should withdraw from the field of investment and leave enterprises themselves to determine their investments. I would like to discuss the advantages and disadvantages of these two opinions and put forth my proposal in this article.

### The Reason for the Growth of Investment Does Not Lie in the Existing Financial System Under Which Enterprise Investments Are Appropriated by the State

The historical experience of our country shows that the root cause of the growth of investment is not the existing financial system under which the state makes investments in running enterprises, although the existing financial system, as well as the existing economic structure, should be further reformed. Over the past 30 years and more, all enterprises owned by the whole people have been run by the state, which invests in the enterprises and provides funds for them (this includes two forms -- direct financial appropriations and bank credit). This does not always give rise to too much investment. The experience shows that the socialist economic mechanisms can regulate the scale of investment, that is, can expand and curtail investment. As long as the regulatory mechanisms are correctly employed to make reasonable arrangements, the scale of investment will not swell to an unreasonable degree. Therefore, the growth of investment is not an inevitable outcome of the socialist system; instead, it is caused by people's ideas and actions that are not in line with objective regularity in the economy.

When summing up the experience in economic construction during the First 5-Year Plan, Comrade Chen Yun pointed out that the scale of construction must be in line with the national capacity. He said that the three major balances -- the financial balance, credit balance, and material balance -- should be taken as standards of the national capacity. The scale of investment determined on the basis of the overall balance should be included in state economic plans that should be followed by all quarters, and all investments should be made through state finances. Thus, the state's financial appropriation will not only function as an important means for ensuring the fulfillment of investment plans but also as an effective lever for controlling the scale of investment. Funds will be appropriated to enterprises under the supervision of the construction bank, which specializes in making capital investment. With a correct guideline and the proper coordination of the financial, planning, and banking systems, we will be able to maintain the three major balances and properly exercise overall control over the scale of investment.

The growth of investment may be attributed to a variety of reasons. First, cadres at various levels have not achieved a common viewpoint on making investments and many of them are overanxious for quick results in economic development. Second, our financial resources are too scattered and our planning work is not effective enough. The role of various economic levers has not been brought into full play. There are still some gaps in state investment plans. The responsible authorities have not exercised strict overall management and control over investments by leaving many construction projects beyond the limits of the investment plans. Third, the banks have vied with each other in offering capital construction loans. This has seriously affected the scale of investment. The financial management system of assigning appropriation quotas to local governments at all levels to properly manage their finances, but at the same time, it has also allowed localities to conduct overlapping and ill-coordinated construction. Now we have reformed this financial management system. Therefore, it is not a realistic viewpoint to simply regard the existing financial system as the main cause of the investment growth.

### Market Regulation of Investments Does Not Work in Our Country

Some people have proposed that governments withdraw from the field of investment and leave enterprises to determine their investments. They have said that "this measure will enable enterprises to select the best investment items on their own in light of social needs and their economic capacity so as to achieve better socioeconomic results."

At the same time, "the enterprises should undertake all investment risks. This may prevent them carrying out blind development and overlapping construction, thus achieving the purpose of checking investment growth." I think that this opinion includes some doubtful points that should be discussed here.

The proposal of "leaving enterprises to determine their investments" in essence means that investment should be subject to regulation by market forces and be determined by profits. There are essential differences between socialism and capitalism. If investments are allowed to be regulated spontaneously by market forces and be determined by profitability, production will be thrown into anarchy, and the reasonable investment structure and normal ratios between economic sectors will be disrupted. The micro-economic results of some enterprises may be good, but they will be achieved at the cost of the poor results or even closedown of other enterprises. How can this "achieve better socioeconomic results"? The experience of other socialist countries has shown that this measure is not feasible. If we relax or even give up overall management and merely emphasize market regulation, and give all power to decide investments to enterprises, we would only cause an excessive expansion of investment, leading to serious disproportions between various economic sectors, and worsen the socioeconomic results of all enterprises as a whole.

In addition, it is unrealistic to "make enterprises undertake all investment risks." If a state-run enterprise owned by the whole people suffers losses and completely fails in an investment project, the losses will in fact be completely borne by the state. Even though the enterprise works carefully and handle its business seriously because it has to undertake all investment risks, it is still hard for it to completely prevent blind development and overlapping construction under the conditions of market regulation and production anarchy. So, how could this check the adverse expansion of investment? On the contrary, if investments are all subject to regulation by market forces, the enterprises would certainly conduct more blind development and overlapping construction. Therefore, the proposal is not feasible.

Ours is a socialist country. All departments, localities, and enterprises have their own socialist initiative for self-development. This initiative is valuable. However, each of them just represents a part, and there exists a certain contradiction between their partial interests and the overall interests of the whole country, so their initiative includes some blindness. To solve this contradiction, we should bring their initiative into line with state economic plans so as to overcome blindness in their business handling. So we should not weaken the planning aspect of our economy. The decision adopted by the 3d Plenary Session of the 12th CPC Central Committee correctly points out: "Even in the socialist commodity economy, its extensive development will also bring about some blindness. So there must be planned guidance and regulation and administrative management. This can be effected under the socialist conditions." It is an unrealistic opinion to hold that all problems may be solved so long as enterprises are allowed to freely handle their business and make investments.

#### Giving Full Play to the Role of Financial Control in Investment in Fixed Assets

Our ongoing economic reform is a process of self-reform and self-improvement of the socialist system. We should explore a road for making socialist investment in light of the principles of building a socialist planned commodity economy. We should learn from all useful foreign things and adapt them to our purpose, and should not copy them mechanically. Our planning work is not perfect yet, and there are still various errors in our work. However, we should not lose confidence in the planning mechanisms and should not negate the role of an overall balance.

We have now separated the administrative organs from the running of enterprises and have allowed enterprises to handle the things that should not be handled by government organs. At the same time, the government should properly manage things that they should take care of and should better perform their functions of guiding and organizing economic activities. Our financial system and financial work have yet to be further improved, but we cannot hold that the socialist state's financial authorities should withdraw from the field of investment and the field of social reproduction. Instead, state financial authorities should fully play a role in regulating capital investment and the national economy as a whole.

VICE FINANCIAL MINISTER ON REVENUE, EXPENDITURE

HK291028 Beijing Domestic Television Service in Mandarin 1100 GMT 25 Oct 85

[From the "New Hookup" program: "Interview With Vice Financial Minister Tian Yinong on the Situation of Revenue and Expenditure During the Sixth 5-Year Plan"]

[Excerpts] To achieve a fundamental turn for the better in the financial and economic situation is one of the basic tasks of the Sixth 5-Year Plan. But what is the situation regarding revenue and expenditure during the Sixth 5-Year Plan? The following is our reporter's interview with a leader of the Ministry of Finance.

[Begin recording] [Unidentified reporter] Would you please tell us about China's situation regarding revenue and expenditures during the Sixth 5-Year Plan.

[Tian Yinong] All right, China's revenue and expenditure situation has gradually changed for the better during the Sixth 5-Year Plan. The deficit has been reduced. Based on the development of production, China fulfilled the state plan in 1982 and revenue increased by 6.6 percent over that of the previous year. In 1983, revenue increased by a further 11.7 percent. Revenue totaled 146.7 billion yuan in 1984. With regard to comparable categories, there was an overall increase of 21.1 percent over the previous year. As of September, this year's production situation was also very good as far as figures go, showing an increase of 22.4 percent over last year. Therefore, the situation is a good one.

Regarding expenditure during the Sixth 5-Year Plan, we have upheld the principle of ensuring the focal point while consolidating the general items. For now, expenditure has been rational. Proceeding from the viewpoint of the state, the expenditure for economic construction, science, agriculture, and public health account for more than 70 percent of the total product expenditure.

[Reporter] China recently experienced a deficit in the state finance. What has the situation been over the past 2 years?

[Tian Yinong] Over the past 2 years, China has adopted a series of economic readjustment measures that were effective in reducing the deficit. In 1981, China's deficit was reduced to 2.55 billion yuan. China's deficit was 2.93 billion yuan in 1982. The figure was 4.38 billion yuan in 1983 and 4.45 billion yuan last year. [as heard] Recently, at the National Conference of Party Delegates, Premier Zhao proposed that this year's revenue might be equal to the deficit and thus reach a balance.

[Reporter] What are the problems at present?

[Tian Yinong] Problems have generally been solved and the situation is changing for the better. However, the problems have not been completely solved. The main point is that the economic results are not satisfactory enough. [end recording]

PLA COORDINATES RELIEF FOR WESTERN CHINA

OW302042 Beijing XINHUA in English 1646 GMT 30 Oct 85

[Text] Xining, October 30 (XINHUA) -- The Chinese Air Force has dropped 116 tons of food, medicine, fuel and fodder to relieve herdsmen stranded by heavy snow for the past fortnight in west China. Since mid-October, the heaviest snow ever recorded in history has blanketed part of the Qinghai-Tibetan plateau, an area 32-36 degrees north latitude and 82-100 degrees east longitude. A meteorological station 4,600 meters above sea level reported that 400 mm of snow fell October 17. The temperature dived to 39 degrees c. below zero, 5.2 degrees lower than the previous record.

At present, the area is covered by 500 mm of snow, and in some places it is one meter deep. It is estimated that about 30,000 people and two million animals in western Qinghai and northern Tibet have been affected by the snow, which has blocked traffic and covered pastures. Herdsmen have had to burn their furniture and even their saddles owing to fuel shortage. Cattle and sheep are beginning to die of hunger. Some wild animals including deer and Mongolian gazelles have also starved to death. The central authorities swung promptly into action in the early stages of the emergency and directed the People's Liberation Army (PLA) to coordinate relief efforts. Air Force units from different parts of China had dropped relief materials in 119 places in an area of 90,000 sq km by Tuesday.

5 MILLION-KW GENERATING UNITS BEING BUILT

OW300630 Beijing Domestic Service in Mandarin 2230 GMT 26 Oct 85

[Text] With support from people in various trades and professions, the state task of building 5 million-kilowatt generating units this year is being carried out at an increasing pace. Some of the power projects have now been put into operation and the rest of them will go into operation before the end of the year.

The 5 million-kilowatt generating units are being built in 28 power plants in various parts of the country. Building such projects takes a lot of work and materials, and they are being built with required quality. People in various trades and professions and departments concerned have taken positive measures to support the construction of these key state projects. The Ministry of Machine-Building Industry has set up a special office for the construction of 5 million-kilowatt generating units, and the State Economic Commission, the State Planning Committee, and other concerned commissions and ministries have also instituted a system of coordinating meetings to solve problems when discovered. These commissions and ministries have arranged materials of the best quality for the construction of such generating units.

The Ministry of Railways, although faced with arduous transport tasks, has dispatched railroad cars to carry materials for the construction of these power projects, and ships, ports, and docks have also given priority to shipping such materials. Some provinces, autonomous regions, and municipalities directly under the central government have also given vigorous support to the construction of these generating units.

Today's ZHONGGUO DIANLI BAO [CHINA ELECTRIC POWER JOURNAL] carries an article on its front page by a special commentator calling on the leaders of various power departments, along with the workers and staff of their departments, to devote more of their time and energies to the successful construction of the 5 million-kilowatt generating units in the remaining 2 months of the year.

JIANGSU'S GU XIULIAN ATTENDS NONPARTY FORUM

OW300632 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 27 Oct 85

[Excerpts] The provincial party committee invited nonparty personages in Nanjing to attend forums on 26 and 27 October to further solicit suggestions on the draft of Jiangsu's Seventh 5-Year Plan. After conscientiously studying the draft of the Seventh 5-Year Plan in groups, participants in the forums offered a number of suggestions concerning agriculture, industry, science and technology, and education.

On behalf of the provincial party committee and the provincial government, Comrade Gu Xiulian thanked the participants for their constructive suggestions for the draft of Jiangsu's Seventh 5-Year Plan. She said: The provincial party and the provincial government will continue to solicit suggestions from various quarters concerning the draft of the Seventh 5-Year Plan so that the plan can more effectively embody the guidelines of the 12th CPC Central Committee and the National Conference of Party Delegates and realistically reflect Jiangsu's special characteristics. She called for pooling the wisdom and efforts of all in order to further improve the work in Jiangsu.

Sun Han and responsible comrades of provincial departments concerned were present at the forums to hear the suggestions. Comrade Sun Han chaired the forum on 27 October.

ZHEJIANG TO INSPECT ALL BANKING INSTITUTIONS

OW300416 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 27 Oct 85

[Text] In response to the State Council's circular calling for the inspection of credit operations, the Zhejiang Provincial People's Government recently decided to carry out a general inspection of the credit operations of all financial and banking institutions in the province. It has also instructed the provincial Office for Credit Operations Inspection.

The inspection will cover the credit operations of the Industry and Commerce Bank, Agriculture Bank, Bank of China, Construction Bank, Investment Bank, Insurance Company, International Trust and Investment Corporation, rural credit cooperatives, urban credit cooperatives, and all trust and investment corporations. The main contents of the inspection will be as follows: The implementation of the State Council's call for limiting the scope of credits, organizing for the withdrawal of currency in circulation and controlling foreign exchange; the purposes of the loans extended and investments made by the trust and investment corporations, the sources of their funds and their receipts and payments; and any violations of law and discipline by any of the financial and banking institutions, such as disregarding the principles for extending loans and issuing loans at will, issuing loans for personal gain, asking for or accepting bribes and blackmail or extorting money.

GUANGXI RIBAO VIEWS RURAL ECONOMY, GRAIN OUTPUT

HK300933 Nanning Guangxi Regional Service in Mandarin 1130 GMT 27 Oct 85

[GUANGXI RIBAO Commentator's article: "Persevere in Reform; Develop the Excellent Situation in the Rural Areas"]

[Text] The 7 years since the 3d Plenary Session of the 11th CPC Central Committee comprise one of the best periods since the founding of the PRC. The main reason for this is that after bringing order out of chaos, the whole party and the people of the whole country have concentrated their efforts on reform of the economic structure and have developed the social productive forces. The reform began in the rural areas. After 7 years of efforts, agricultural production has developed rapidly rather than slowly. The situation in the rural areas is becoming better and better with each passing year.

The situation in the region's rural areas is also good, just as in other areas of the country. However, based on the traditional idea that the rural areas mean agriculture and agriculture means grain, some people believe the situation in Guangxi's rural areas is not good on the grounds that the region's grain output has dropped in recent years. This is a lopsided idea. Grain output is, of course, an important factor in appraising the situation in the rural areas. But more important is the coordinated development of the rural economy as a whole.

Over the past 7 years, the region's rural areas have widely practiced the contract responsibility system with payment linked to output. As a result, peasants as commodity producers have become independent and have their own decisionmaking power. Their enthusiasm has been aroused for developing production and getting rich through labor. They have given full play to their creativity and initiative, becoming an important factor in social production and promoting the development of the rural economy. This is a great achievement in reform and a great and far-reaching change in the rural areas.

Along with the implementation of the contract responsibility system with payment linked to output, all rural areas in the region have adhered to the principle of developing agriculture, forestry, animal husbandry, sideline production, and fisheries in an all-round way; operating industry, agriculture, commerce, and transportation in a comprehensive way; and have readjusted the rural production structure according to local conditions. After the readjustment, agriculture, forestry, animal husbandry, sideline production, fishery, industry, commerce, building industry, transportation, and all service industries in the region's rural areas have developed fairly rapidly. The rural economy is moving from a supporting and semi--supporting economy toward specialization, commodity production and modernization. This is a major sign of the excellent situation in the region. It was precisely due to readjustment of the production structure that the region has changed the previous unitary agricultural production structure with grain as its focus. Although the region has been hit by serious drought and flood this year and its grain output has dropped, the grain price has been stable in the region and the public has been reassured. This was rare in previous disaster years.

Another sign of the good situation in the region's rural areas in recent years is the rapid appearance and development of various specialized households, households doing special jobs, specialized villages, and economic combinations. Statistics show that by the end of 1984, according to national standards, specialized households accounted for 1.3 percent of the total peasant households. According to local standards, which are slightly lower than the national standards, specialized households account for 11 percent of the total peasant households.

There are now some 2,100 specialized villages and 31,000 economic combinations in the region. These specialized households, specialized villages, and economic combinations have been engaged in various professional productions promoting the development of various trades in the rural areas. Take town and township enterprises as an example. Because some specialized households and economic combinations engaged in the second and third industries last year, town and township enterprises, which had been stagnant for 2 years, recovered and developed relatively fast. The total value of enterprises run by an individual household or jointly run by several households account for 41 percent of town and township enterprises in the region. In the past, some rural areas engaged in unitary grain production for a long time. The result was that despite the increase in grain output after great efforts, their economic results were poor, and there has long existed a phenomenon whereby some production teams had high yields but were still very poor. This adversely affected the overall development of the rural economy. Due to the readjustment of the agricultural structure in recent years, the situation has improved. In 1983, the region grew sugarcane, flax, tobacco, mulberry, fruits, oil crops, and other economic crops on dry and low-yield fields unsuitable for grain. The grain-growing area of the region for 1983 decreased by 6 million mu over 1978. The grain-growing area in the region further decreased by more than 1 million mu last year and in the first half of this year.

As a result of the readjustment of crop-growing area in the region, the total grain output of the region for 1983 increased by 26 percent over 1978, and the total agricultural output value for 1983 increased by 87.24 percent. The region's grain output for 1984 decreased over 1983, but increased by 12 percent over 1978. The total agricultural output value for 1984 increased by 85.93 percent over 1978. The region had a bad harvest in grain in the first half of this year, but reaped a bumper harvest in economic crops. The bumper harvest, to a certain extent, made up for the losses caused by the decrease in grain output. Many factors account for the decrease in the region's grain output in recent years. These include readjustment of the production structure, natural disasters, and our failure to meet the requirements of readjustment in various work.

Despite all this, we have taken a correct road in reforming the agricultural production structure. This reform has increased the commodity rate of agricultural products, and has provided more raw materials for light industry. The agricultural output value of the region for 1984 accounted for 44.9 percent of the region's industrial and agricultural output value. The light industrial output value of the region for 1984 accounted for 33.3 percent of the region's total industrial and agricultural output value. Of the region's light industrial output value, about 70 percent was from the processing of agricultural products. Of the foreign exchange earned in export business, about 50 percent was from the export of staple food processed in rural areas and native and local products. According to a scientific test sample of 1,200 peasant households in 12 prefectures and cities, the commodity rate of agricultural products increased from 25 percent in 1978 to 42 percent in 1984.

The reform has promoted production. The income of peasants has increased and their life has been improved. The per capita income of peasants in the region for 1978 was 119.5 yuan, but the figure increased to 267.3 yuan in 1984, an increase of 123.6 percent. According to the test sample, the per capita income of the 1,200 peasant households for 1984 was 317.6 yuan, an increase of 150 percent over 1978. With the deduction of price increases, the per capita income increased by 110 percent. The increase rate during this period exceeded that in any other period since the founding of the PRC.

In 1984, the money peasants spent on non-staple food exceeded that spent on staple food. Over the past 7 years, about 47 percent of peasants have built new houses and high-class goods bought by peasants for home use have increased by 100 percent.

The above fact indicates that the situation in the region has been good. We must correctly appraise and fully understand this. Of course, we must also see that, compared with the national level, the growth rate of the region's agricultural production is not so good. The region has failed to meet the requirements of production in many service items, such as water conservancy, crop protection, promotion of fine variety, and the cure and prevention of diseases of poultry and domestic animals. Some areas have failed to carry out the work of extending the contract period of arable land and the 3-setting work in forestry. Rural leaders at all levels and the departments concerned must pay serious attention to, and gradually solve, these problems.

What merits our attention at present is that some rural cadres and peasants fail to deeply understand the idea that without agriculture, there will be no stability, and without grain, there will be chaos. They were not very much interested in growing grain in recent years. Agriculture is the foundation of the national economy, and grain is the foundation of the foundation. Relaxing agriculture and grain production will shake the foundation, and people will have difficulty eating and dressing. We must not slacken our efforts in agricultural and grain production. In order to meet the requirements of the modernization of our national economy, of the upgrading of the consumption level of the people, and of the changes in people's spending habits, it is necessary to ensure grain-growing area in places suitable for growing grain. Efforts should be made to increase grain yield per unit area; to increase the variety of grain; and to upgrade the quality of grain. On this premise, it is necessary for us to grow various economic crops according to market needs and natural conditions. We must also develop forestry, animal husbandry, aquatic products, and breeding industry, and increase their proportions in agriculture.

Grain production concerns the overall situation, which leaders at all levels and agricultural departments must firmly grasp. We must educate peasants to actively produce grain so that grain output can increase steadily to promote overall development of all the trades in rural areas. All departments concerned must earnestly and properly carry out their work to create conditions for developing grain production.

#### HUBEI STATION CRITICIZES MALPRACTICE IN EDUCATION

HK290905 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 22 Oct 85

[Station commentary: "Education Workers Should Respect, Love, and Improve Themselves"]

[Text] Recently some bad phenomena have appeared in some secondary and primary schools. For example, under the pretext of improving welfare, some schools ask for material objects from the units to which students' parents belong. Under all sorts of pretexts, some schools and classes charge students various fees or unscrupulously apportion charges to the units to which students' parents belong. Under the excuse of being key schools, some schools charge each student an acceptance fee of tens or several hundred yuan. If a student fails to pay the acceptance fee, he will be rejected by the school. All these practices have brought complaints from the masses.

Undoubtedly much has to be done in respecting teachers and attaching importance to education in the whole society. Most secondary and primary schools have bad conditions, and the remuneration of educational workers has to be upgraded. That the relevant departments raise funds from society and masses raise funds to run schools is an indispensable channel for developing China's education at present. But the malpractice of schools directly charging students without authorization, unscrupulously apportioning charges and asking for material objects from the units to which students' parents belong have not only violated relevant regulations, but have also impaired the good image of educational workers. Worse, they have left a bad impression on the immature and childish hearts of secondary and primary students.

Educational workers are the engineers of human souls. They should treat their work as something concerning the future of the motherland and the success and failure of the nation, but must not treat it merely as a livelihood. Nor should they chase money in whatever they do. We sincerely hope that educational workers treasure their honor and respect, love, and improve themselves. We also sincerely hope that CPC committees and governments at all levels and the whole society will care about and support education and make joint efforts to bring about a good habit of respecting teachers and attaching importance to education.

HUNAN: CHANGSHA CITY ELECTS NEW PARTY SECRETARY

HK290916 Changsha Hunan Provincial Service in Mandarin 2300 GMT 23 Oct 85

[Text] The first Plenary Session of the Seventh Changsha City CPC Committee elected a new leading group yesterday. (Wang Zhongfu), a 43-year-old engineer, was appointed secretary of the city CPC Committee, and (Wang Ceying), (Zeng Gaoxian), and (Yu Youchang) were appointed deputy secretaries of the city CPC Committee.

(Wang Zongfu) graduated from the Changsha Institute for the Railway Industry in 1964. He was formerly head of Changsha Bureau of Urban Construction, director of Changsha County, deputy secretary of the Changsha City CPC Committee, and has held other posts.

The newly elected Changsha City CPC Committee Standing Committee consists of 12 members, whose average age is 46. The youngest is 29 years old. Nine of them have tertiary education.

HU JINTAO RECEIVES GUIZHO PLAYERS, COACHES

HK291403 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 24 Oct 85

[Text] Yesterday afternoon [24 October], leading comrades, including Hu Jintao, Wang Chaowen, Su Gang, and Zhang Yuhuan, received all players and coaches of our province's delegation taking part in the first national youth and juvenile sports meet. At the tea party held by the provincial Physical Culture and Sports Committee yesterday, Hu Jintao, secretary of the provincial CPC Committee, spoke. He first extended greetings to our province's players and coaches who had scored achievements at the youth sports meet. He hoped that they would foster the spirit of scaling heights at childhood and would make a breakthrough in a down-to-earth manner in the skills that they can further develop. Moreover, they must undergo strict scientific training and must work hard to achieve good results at the national sports meet and the next youth sports meet.

Governor Wang Chaowen, provincial Advisory Commission Chairman Su Gang, and Ran Yannong, head of our province's youth sports meet delegation and vice chairman of the provincial congress Standing Committee, respectively spoke at the tea party. (Zhao Guangrui), vice chairman of the provincial Physical Culture and Sports Committee, announced the decision on rewarding our province's players and coaches who had scored outstanding achievements.

XIZANG PEOPLE, PLA FIGHT FLOOD IN NAQU PREFECTURE

HK300513 Lhasa Xizang Regional Service in Mandarin 1130 GMT 27 Oct 85

[Summary] Recently some pastoral areas in Naqu Prefecture have been hit by serious floods. The floods occurred mainly in Amdo, Nyainrong, and Baqen Counties, and are more serious than those in 1972. The flood-stricken areas are short of fuel and there have been serious cattle losses there. The regional CPC Committee and people's government have been very much involved in fighting against the floods and in relief work. The regional flood-relief work leading group was set up on 26 October, with regional people's government vice chairman Duojuicairang as its head. The leading group has already prepared 100,000 jin of forage, 50,000 jin of zanba [a staple of food of the Zang nationality made of roasted qingke barley], some coarse calico, short wave telegraphic receivers and transmitters, high-power telescopes, and other materials.

A work team led by regional CPC Committee Deputy Secretary Mao Rubo and regional People's Congress Standing Committee Vice Chairman Shengqin Luosangjianzan arrived in Naqu on 25 October and has taken part in the relief work together with the relevant departments in Naqu Prefecture. A PLA medical team led by (Xie Dengsheng), deputy chief of staff of the Xizang Military District, has gone to the flood-stricken areas to help carry out the relief work. The Naqu military subarea has dispatched some PLA commanders and soldiers to Amdo and Nyainrong Counties to help the local masses with flood-relief work.

YUNNAN LEADERS PUBLICIZE SPIRIT OF CPC CONFERENCE

HK291542 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 26 Oct 85

[Excerpt] Leading comrades of the provincial CPC Committee recently went to the rural areas, colleges, and universities, publicizing among cadres, the masses, teachers, students, and workers the spirit of the National Conference of Party Delegates through heart-to-heart talks, forums, and report meetings.

From 14 to 15 October, Pu Chaozhu, secretary of the provincial CPC Committee, went to the rural areas of (Gao Chang), (Hong Lu), and (Li Qi) in Yuxi City. He talked with the local district, county, and commune cadres, agricultural technicians and workers, and peasants. He publicized the spirit of the National Conference of Party Delegates and stressed study of the methods and measures suggested in the Seventh 5-Year Plan.

Upon investigating this year's income situation in the rural areas, their plans for next year, and their problems, Comrade Pu Chaozhu emphatically discussed three issues: First, the issue of firmly grasping grain production; second, the issue of greatly popularizing agricultural science and technology; and third, the issue of developing town and township enterprises. When some peasants of (Gao Chang) reported that grain production had been neglected and there were problems in purchasing grain, Comrade Pu Chaozhu explained the party's policy toward grain purchase in light of the ideological and actual problems faced by the masses. He talked with the peasants about reasons for their increase in production, and helped them understand problems.

He stressed: Grain is the basis and under no circumstances should we relax our efforts in grain production. In this year's grain purchase, we must teach the peasants to implement the state idea of making more contributions toward the four modernizations and to fulfill this year's grain purchase target. The grain departments should make use of economic means to stabilize the market price of grain. They should sum up their experience in perfecting the contracted responsibility system regarding grain purchase.

Over the past years, (Hulujiang) has made remarkable achievements after emphasizing scientific farming. At a forum with cadres and agricultural technicians of the town, Comrade Pu Chaozhu said: We should first depend on the policies and then science. Such a goal has been stressed for 6 years, but our work of depending on science is not as good as that of implementing policies. In order to develop agriculture, we must depend on both of them. (Hulujiang) has set a good example in this respect: When studying the suggestions of the Seventh 5-Year Plan, we must solve problems in the guiding ideology. We must also solve problems in the increase of per unit area yield and the land use ratio by depending on science and technology. Once our grain production has passed the target level, we can readjust the industrial structure in a more rational way.

At a forum held in (Li Qi) District, the cadres said that they ran canteens in universities on contract terms last year. Although the profit margin was small, both teachers and students of the universities praised the work. Comrade Pu Chaozhu said: To run canteens on contract terms in colleges, universities, and factories that employ over 1,000 workers has the advantage of streamlining the structure of these organizations and solving the employment problem of surplus manpower in the rural areas. This is beneficial to both the state and society. There are many ways to develop town and township enterprises, and this is a promising one.

On 16 October, Li Shuji, deputy secretary of the provincial CPC Committee, and Yin Jun, secretary of the provincial Discipline Inspection Commission, went to the Kunming Industrial Institute and the Yunnan Industrial Institute. They held forums for the teaching staff and the students. Zhao Tingguang and Wang Xintian, members of the provincial CPC Committee Standing Committee, also went to colleges and universities and the rural areas to publicize the spirit of the National Conference of Party Delegates. They studied and talked with cadres and the masses.

On the after of 25 October, Zhu Zhihui, deputy secretary of the provincial CPC Committee, went to Kunming University and conveyed to teachers and students the spirit of the National Conference of Party Delegates.

BEIJING ISSUES CIRCULARS ON BANNING TAX EVASION

SK300928 Beijing BEIJING RIBAO in Chinese 17 Oct 85 p 1

[Excerpt] Recently, the party rectification office of the municipal CPC Committee disseminated the report made by the leading party group of the municipal tax bureau concerning tax evasion of some units, and issued a circular calling on all units to regard tax evasion as a major issue that must be investigated and checked in the course of party rectification. The municipal Discipline Inspection Commission has also issued a circular on discipline inspection commissions at all levels in the municipality to support and coordinate with departments concerned to successfully conduct the general inspection of tax collection and financial affairs.

Along with the development of the municipal economic construction and the in-depth development of the economic structural reform, tax revenue has so far comprised more than 96 percent of the municipal financial revenue. However, there are many problems in the current tax collection work and there is a relatively serious problem of tax evasion. The experimental tax inspection conducted throughout the municipality from 28 May to 20 June showed that among the 1,799 enterprises being inspected, 54.8 percent had evaded taxes. The major indicators of tax evasion are: 1) Availing oneself of loopholes in the tax law, and then transferring the profits to others. 2) Attaching unjustified additions to production costs, and listing unwarranted extra fees. 3) Reporting fewer management items to departments concerned, and concealing sales income. 4) Seeking exemption from taxes through fraud and deception. 5) Refusing to perform the duty of deducting taxes from enterprises or delivering taxes for enterprises on a commission basis, thus causing a large number of leaks in tax revenue. 6) Refusing to complete tax registration and reports in line with the stipulations in order to evade tax delivery. 7) Some individually-run units evade taxes on a large scale by making false accounts, reporting less business volume, and refusing to make out bills. The situation in this regard is all the more serious.

The circulars of the party rectification office of the municipal CPC Committee and the municipal Discipline Inspection Commission point out that all these law violations will not only seriously affect the implementation of state tax laws and decrease the state revenue, but will also hamper the development of reforms, corrupt the ideology of cadres, and undermine party style, party discipline, and the social atmosphere.

HEBEI CPC PLENARY SESSION OPENS 15 OCT

SK301215 Shijiazhuang HEBEI RIBAO in Chinese 16 Oct 85 p 1

[Text] The second (enlarged) plenary session of the third provincial CPC Committee opened in Shijiazhuang on the morning of 15 October. The main subjects for discussion of the session are to relay, study, and implement the guidelines of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee. In line with the guidelines of the conference and the plenary sessions, the session will discuss and study the major tasks that the province must attend to in the last few months of this year and next year.

Attending the session were leading comrades of the provincial CPC Committee, the provincial Advisory Commission, and the provincial Discipline Inspection Commission, including Xing Chongzhi, Zhang Shuguang, Gao Zhanxiang, Xie Feng, Yang Zejiang, Li Feng, Fei Guozhu, Ye Liansong, Lu Chuanzan, Qu Weizhen, Bai Shi, and Liu Ronghui. Fifty-six members and 14 alternate members of the provincial CPC Committee were invited. Of them, 50 members and 12 alternate members attended the session.

Also attending the meeting were 387 persons, including members of the provincial Advisory Commission; members of the provincial Discipline Inspection Commission; members of the leading party groups of the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee; principal responsible comrades of the departments and commissions under the provincial CPC Committee; secretaries of the leading party groups of the provincial-level departments and bureaus; secretaries of the CPC committees of large industrial and mining enterprises and institutions of higher learning; principal leading comrades of all prefectural, city, and county CPC committees; and heads and deputy heads of liaison groups in charge of party rectification work stationed in different prefectures and cities dispatched by the party rectification office of the provincial CPC Committee.

Comrade Gao Zhanxiang presided over the session. Comrades Xing Chongzhi and Zhang Shuguang respectively relayed the guidelines of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee, and set forth opinions on how to study the documents adopted at the National Conference of Party Delegates.

After introducing the work of the National Conference of Party Delegates and the 4th and 5th Plenary Session of the 12th CPC Central Committee and relaying the guidelines of the conference and the plenary sessions, they pointed out: This National Conference of Party Delegates was of profound significance. This conference was an indication that the people of the whole country, under the guidance of our party, will enter a new period -- the period of implementing the Seventh 5-Year Plan. This is a period when we should conduct the overall reform of the economic, scientific and technological, and educational systems; lay a basic foundation for building a socialist economic system with Chinese characteristics and reserve strength for striving to double the nation's total industrial and agricultural output value over the 1980 figures and for making the economy flourishing in the 1990's. This is also a period when the people throughout the country will continue to improve their livelihood and make the transition from having only enough food and clothing to being comparatively well-off, and when we will build both the socialist material and spiritual civilizations.

The successful convocation of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee was of great and far-reaching significance in ensuring the realization of the strategic tasks and fighting goals during the Seventh 5-Year Plan period; in ensuring the continuity of the party's line, principles, and policies; in ensuring the stability of the party's collective leadership; in ensuring that the party will better assume the historical task of leading the people throughout the country to conduct reform and construction; and in promoting the reunification of the motherland. In their speeches, they called on cadres throughout the province and cadres at and above the county level to play an exemplary role in studying the documents adopted at the National Conference of Party Delegates among the broad masses of cadres and the masses in and outside the party.

In order to do well in studying the documents adopted at the National Conference of Party Delegates, we should, first, conscientiously read and discuss these documents to deeply understand and grasp the essence of the guidelines of these documents and to clearly understand the guiding ideology and principles; second, we should link the ideological reality with the practical reality and really unify our thinking with the line, principles, and policies set forth by the CPC Central Committee; and third, we should act and work in accordance with the guidelines of the National Conference of Party Delegates. In short, we should study the documents well, understand the guidelines of the documents, seek unity of thinking, and act in accordance with the guidelines of the conference. This is of great significance in carrying out the work of Hebei Province not only this year but also in the coming years.

This is related to the prosperity of Hebei, and is also of vital importance in determining whether or not Hebei will enter the advanced ranks of the nation at an early date. We should focus the study on the suggestions of the central authorities for working out the Seventh 5-Year Plan, Comrade Zhao Ziyang's explanations of the plan, Comrade Hu Yaobang's opening speech, the speeches of Comrades Deng Xiaoping and Chen Yun, Comrade Li Xiannian's closing speech, and the guidelines of other relevant documents. We should understand, in a concentrated manner, the issues in five fields: We should correctly understand the situation and persistently conduct reforms. We should understand the guiding principles, fighting goals, construction speed, and the steps and measures for reforms. We should firmly attend to the socialist spiritual civilization, consciously attend to party style, and vigorously improve social practice. We should promote cooperation between new cadres and old ones and replacement of the old by the new, and strengthen the construction of the echelon structure of leading bodies at all levels. The whole party should work together for a splendid future and make contributions to bringing about economic and cultural prosperity for the nation and the people. We should link study with ideological work, let a correct ideology guide practical work, and bravely oppose contradictions but not evade questions.

Listening to reports at the session were directors of provincial-level departments and bureaus and some retired comrades at the department and bureau levels. Comrades participating in the session began to hold group discussions on the afternoon of 15 October.

#### TIANJIN RIBAO PUBLISHES PERSONNEL CHANGES

SK301214 Tianjin TIANJIN RIBAO in Chinese 13 Oct 85 p 1

[Text] The following are announcements No 1 and No 2 issued by the Presidium of the 4th Session of the 10th Tianjin Municipal People's Congress on 12 October 1985:

The session elected Liu Zengkun as supplementary or additional vice chairman of the 10th municipal People's Congress Standing Committee. The session elected Zhang Lichang, Lu Xuezheng, and Li Changxing as supplementary or additional vice mayors of the municipality.

The following are the resolutions adopted by the 4th session of the 10th municipal People's Congress on 12 October 1985 with regard to personnel changes:

The session accepted the resignation submitted by Wu Zhen, former vice chairman of the municipal People's Congress Standing Committee. The session accepted the resignation submitted by Wu Zhen and Liu Zengkun, former vice governors of the municipality.

GAO DI ATTENDS JILIN GRAIN-PURCHASE MEETING

SK300242 Changchun Jilin Provincial Service in Mandarin 1030 GMT 28 Oct 85

[Text] On 27 October, the provincial people's government held a work conference on grain purchase to relay the spirit of the national conference of grain bureau directors and of the speeches given by the leading comrades of the State Council. The conference analyzed the province's situation in grain production, implemented the tasks for purchasing grain this year, and discussed or defined the policies and measures concerned.

Comrade Gao Di attended and addressed the conference. Comrade Gao Dezhan presided over the conference and delivered summation. Comrade Hui Liangyu also attended and addressed the conference.

The conference urged the broad masses of peasants throughout the province to hand over more and fine-quality grain to the state. Efforts should be made to mobilize various industries and trades and social circles to make concerted efforts in successfully purchasing the new grain in a timely manner and to make more contributions to the state in spite of the serious disaster of the year.

The conference pointed out: In spite of the serious disaster of the year, our province has still reaped a better grain harvest thanks to the fact that the broad masses of cadres and the people throughout the province have united as one in combating the disaster and rushing to deal with the emergencies under the cordial concern and vigorous support given by the CPC Central Committee and the State Council, and has adopted various measures to strengthen field management in late September when the climate began to improve. According to the estimate compiled by the localities and the provincial departments concerned, the grain output will be better than we anticipated. Meanwhile, the province's volume of grain storage has increased and we have reaped bumper harvests year after year thanks to the steady implementation of the party's policies since the 3d Plenary Session of the 11th CPC Central Committee. The situation in this regard has been very fine.

The conference held that correctly understanding the situation in grain production constitutes an important prerequisite in successful carrying out the work of grain purchase this year. In line with the province's actual situation and on the basis of retaining sufficient edible grain, seeds, and fodder grain, the conference implemented the province's task of purchasing 8 billion jin of grain covered by the production contracts this year and the province's demand set for the variety and quality of grain. The participating comrades unanimously held that our province has a full material foundation for fulfilling the task of purchasing grain this year.

The conference has defined some measures concerning the policy for purchasing grain. Taking into account the disaster and the interest of both the state and the peasants, our province has adequately readjusted or cut the grain quota fixed in the contracts signed this spring. Areas that were seriously stricken by the disaster may enjoy much reduction or exemption and those that suffered from general losses caused by the disaster may enjoy adequate reduction. The localities that have reaped bumper or normal grain harvests and those that suffered light losses from the disaster should honor their contracts without fail. In order to safeguard the enthusiasm of peasants in grain production and to encourage them to sell more and fine-quality grain to increase their incomes, the province has decided to purchase corn in line with the price system covered by the contracts, in which 30 percent of the corn is purchased at the state unified price, and 70 percent at the subsidized price, and to purchase rice and wheat in line with the price system, in which 20 percent is purchased at the state unified price, and 80 percent at the subsidized price. Subquality grain turned out by localities more seriously stricken by the disaster can be used as feed and should be purchased at negotiable prices in line with the quality and the actual situation.

The serious natural disaster in 1985, the first year the province began to enforce the contract system of grain purchase, has brought about a number of questions and situations in grain purchase work. Grain departments should carefully organize the work of taking over the new grain. They should adopt all means and ways to tap the current potential of storing grain, while upholding or improving the system of having the people store grain for the state. Granaries with a large capacity should increase their space to accept more grain. Efforts should also be made to mobilize the units of industry, agriculture, the armed forces, schools, and commerce to make the best use of their empty space to store grain for the state. Grain departments should further improve their management and administration in order to do a good job in making good arrangements for the livelihood of the peasants who have sold their grain to the state, and should enthusiastically render fine-quality and civilized service for them and warmly treat the peasants delivering the sold grain to the granaries. We should strictly prevent the malpractices of arbitrarily lowering or raising the prices and grades of grain. Efforts should be made to resolutely block behavior running counter to the law and discipline, such as seeking or receiving bribes by taking advantage of power, apportioning money arbitrarily, practicing graft, and extorting money from the masses. We should safeguard the seriousness of the contract of grain purchase and assuredly fulfill the 1985 task for grain purchase in line with the quota, variety, and quality set forth by the state. In particular, a good job should be done in purchasing the grain for export in line with the fixed quota and quality so as to actively complete the export tasks. After honoring their contracts, peasants should also actively hand over more and fine grain to the state. Meanwhile, they may sell their grain through various channels to enliven the markets. The governments at all levels should enhance their management over grain markets and their leadership over the work of purchasing grain.

The conference stressed that localities and departments should strengthen ideological and political work in order to educate peasants to carry forward the spirit of cherishing the country and taking into account the situation as a whole and to make more contributions to supporting the program of building the four modernizations by selling more and fine grain.

#### LI GUIXIAN ADDRESSES LIAONING REFORM MEETING

SK292358 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 27 Oct 85

[Text] The experience-exchange meeting on party style sponsored by the provincial CPC Committee concluded in Fushun City of 27 October. During the 5-day meeting, participating representatives exchanged the experience gained in improving party style and building party spirit and unanimously held that only by improving party style for the entire party, improving party style well to promote the drive to conduct reforms, and enhancing education on party spirit among party members will our province be able to achieve a fundamental turn for the better in party style in the near future.

Li Guixian, secretary of the provincial CPC Committee, attended the meeting and delivered a speech. Gao Zi, Standing Committee member of the provincial CPC Committee and secretary of the provincial Discipline Inspection Commission, delivered a report on behalf of the provincial CPC Committee entitled "Get a Clear Understanding of the Situation and Enhance Our Confidence in Order To Mobilize the Entire Party to Straighten Out Party Style."

After analyzing the overall party style situation throughout the province, Comrade Gao Zi stated: Over the past few years, some localities and units have achieved a turn for the better in party style thanks to the hard work done by party organizations at all levels. They have made marked progress in some aspects of party style and scored great achievements.

However, we should note that there are still some serious problems, the main one being that some party and government organs and cadres have opened businesses by taking advantage of power to seek private gain. Some cadres have seriously erroneous ideas in which everything is motivated solely by money. Some have distributed bonuses and material objects arbitrarily, given banquets or presents to bribe others in a big way, availed themselves of the loopholes in the transformation drive, and have even engaged in speculation, profiteering, and swindles. Some have not hesitated to damage their personal and national dignity during their stay in foreign countries in order to seek private gain, and some have resorted to deception and been prone to boasting and exaggeration. Some have also committed malpractices, such as stressing the liberalization of the bourgeois, publishing unhealthy pamphlets, frenziedly asking for promotions and authority from their higher organizations, and seeking the life of pleasure.

In referring to the issue of how to deal with these problems, Gao Zi stated: The provincial CPC Committee urges party organizations at all levels to place the work of improving party style on an important schedule of the party rectification drive this year and in 1986. Party committees at all levels should truly exert efforts to improve party style and concentrate their efforts on building spiritual civilization. They should achieve a situation in which all departments actively cooperate and conduct joint management in the work, and should strictly enforce discipline and by no means allow bureaucrats to shield one another. Leading cadres should set examples in the work of safeguarding the party's image.

In his speech, Li Guixian, secretary of the provincial CPC Committee, emphatically pointed out: In improving party style, we should improve first among the leading bodies and carry out the work in this regard from one level to another. The units in charge of conducting party rectification should deal with problems they have discovered in party style by the given date. Provincial-level units should deal with party style problems cropping up in professional activities. A good job should be done in building party organizations at grass-roots levels. Efforts should be made to establish regulations and systems in order that the work can be carried out in line with the regulations and according to the law. We should exert all-out efforts to investigate and deal with major or serious cases, to openly expose them, and to conduct education on party spirit, style, and discipline among party members. Efforts should be made to enhance the propaganda and educational work in improving party style and to commend those who have performed distinguishedly. Party committees at all levels should strengthen their leadership over discipline inspection work and safeguard the authority of the discipline inspection organs.

Also attending the meeting were comrades from the Central Discipline Inspection Commission, including (Zhao Hanyi).

GANSU CIRCULAR URGES CONTROL OF PRICE INCREASES

HK290908 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 27 Oct 85

[Text] The provincial government recently issued a circular urging all localities in the province to adopt measures to control price increases and to protect people's livelihood. The circular pointed out: Since the second half of this year, all localities have slackened their price controls in varying degrees. In particular, the vegetable prices in some cities, as well as industrial and mining districts, increased too sharply. Some localities and departments took advantage of the situation and raised prices, thereby causing some unnecessary chain reaction. Therefore, we must attach great importance to the matter.

In order to fulfill the target of price controls assigned by the state, the provincial government decided that all prefectures, autonomous prefectures, and cities must strengthen their price controls and adopt strong and effective measures to check price increases. The industrial departments should strive to supply more commodities to meet market demand. The state-run commercial department must give play to the role of being the principal circulation channel. The commercial department should actively organize the supply of goods, seriously make market arrangements, take part in the market readjustment, and keep prices down. All localities, down to administrative commissioners, heads of autonomous prefectures and mayors, should implement the task of controlling prices. They should shoulder their responsibility to maintain the recent months' retail price index at the same level as that of July this year. They should strive to fulfill this breakthrough point.

On prices controlled by the State Council and the province, no locality or unit is allowed to overstep its authority to readjust prices. Neither are they allowed to let prices float without approval. This year, no locality should approve any further price increases or transfer the front of price controls to a lower level. They are prohibited from issuing, without approval, instructions on directly or indirectly increasing prices. We must strive to stabilize the price of nonstaple foods, in particular the price of vegetables, meats, and rice. We must resolutely prevent prices from increasing. We must make appropriate arrangements for the supply of food to cities and industrial and mining districts. In particular, we must prepare well the supply of vegetables to Lanzhou and maintain stable prices. The price of vegetables in agricultural and trading markets must be supervised by the industrial and commercial administrative department in terms of category.

The provincial government's circular also stipulated specific regulations on strengthening price controls over the means of production in short supply, and on strictly checking the price of industrial consumer goods and other noncommodity goods,

The provincial government's circular pointed out: We must strengthen the examination and supervision of prices. From now until the spring festival, we should carry out a full-scale examination of commodity prices throughout the province, focusing on grain, oils, nonstaple foods, industrial goods in short supply, and services. In addition, we should check on the prices to which a relaxed attitude has been taken since last year and on the front of price controls transferred to lower levels. We should consolidate the price increases because of better quality or temporary reasons. Anyone who violates the regulations should be seriously dealt with.

SHAANXI BRIGADE FUNDS CONVERTED TO PEASANT SHARES

HK290957 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 18 Oct 85

[Text] In the rural structural reform, Mianxian County has further broken away from the old restrictions of three-level ownership by the commune, the brigade, and the production team with the production team as the basic accounting unit, and has converted the accumulation of former brigades and production teams into shares held by peasants, thus effectively protecting the interests of the masses and perfecting the rural cooperative economy.

The county began in 1982 to practice the contract responsibility system on a household basis with payment linked to output. Since then it has failed to properly control the accumulation and surplus funds of the former brigades and production teams, resulting in stagnation of collective funds and idleness, or even damage to equipment. In some places, funds were abused and misappropriated by cadres who sometimes engaged in corruption. The masses there had a lot of complaints about this.

At the beginning of this year, the Mianxian County CPC Committee and government applied the experience gained from reform in town and township enterprises of checking up on the property and assets of town and township enterprises, converting their property and assets into shares, and sharing out bonuses to each shareholder. They steadily carried out the reform of converting the accumulated assets of the former brigades and production teams into shares held by peasants. All villages set up property-checking groups consisting of village cadres, financial personnel, and representatives from the masses. Under the leadership of township government, they crosschecked the property of the former brigades and production teams village by village and household by household; set the prices (according to their value) of the fixed assets, such as machines, farm tools, cattle, and other things except for water conservancy facilities, cultural centres, and conference rooms; and recovered according to different situations various outstanding monies, such as loans granted to peasants for buying their ration grain, funds misappropriated by some people, money lent to others, and statutory fines.

In handling all the recovered money and funds converted from collective assets, they first used them to repay the loans borrowed from the state, credit cooperatives, and others, then they used the remaining portion as cash to be converted into shares according to the number of registered rural households. The share certificates were prepared and issued to all peasant households, who can put their shares into local town and township enterprises to obtain bonuses.

All 374 brigades and 2,177 production teams in the county have now basically completed their work in checking and handling their property and assets. Boards of directors and supervision councils for shares in each village unit have been set up in most places. The work of converting the property and fixed assets of brigades and production teams into shares held by peasants and the work of filling out and issuing share certificates are now well under way.

In the more than 6 months since Mianxian County began the reforms of converting the accumulated assets of the former brigades and production teams into shares held by peasants, the vast number of peasants have gained initial benefits, and they have summarized the benefits as follows:

1. The reform has straightened out the relationship between creditor and debtor involving the state, collectives, and peasants; correctly handled collective property; and further perfected the contract responsibility system with payment linked to output.

As a result of the check up, the county has clarified the funds of 15.65 million yuan accumulated by the former brigades and production teams, and has verified and used some 6.01 million yuan in repaying money borrowed by peasants for buying their grain rations for 2 years, in remitting part of the money owed by households in difficulty, and in repaying the loans borrowed by collectives from the state and credit cooperatives.

2. The county has accumulated funds and solved the difficulty of insufficient funds for developing town and township enterprises. After checking up on property and fixed assets and converting the accumulated assets of former brigades and production teams into shares held by peasants, the county now can put nearly 10 million of funds into town and township enterprises for expanding reproduction.

3. The malpractices of abuse and misappropriation of funds and corruption has been halted. Peasants say that as the current financial checkup has settled the long-standing confused account and as collective accumulation has now been used properly, they can rest assured.

#### XINJIANG RESHUFFLES REGIONAL LEADING GROUPS

OW311355 Beijing Domestic Service in Mandarin 1200 GMT 31 Oct 85

[Text] The Sixth Enlarged Plenary Session of the Third Xinjiang Uygur Autonomous Regional CPC Committee, which opened on 26 October, closed in Urumqi this afternoon. This session relayed and implemented the guidelines of the 4th Plenary Session of the 12th CPC Central Committee, the CPC National Conference of Party Delegates, and the 5th Plenary Session of the 12th CPC Central Committee.

The session also made public a circular about the CPC Central Committee's readjusting of the leading groups of the Xinjiang Uygur Autonomous Regional CPC Committee, Advisory Commission, and Discipline Inspection Commission. The secretary of the Xinjiang Autonomous Regional CPC Committee is Song Hanliang, and its deputy secretaries are Tomur Dawamat of Uygur nationality; Janabil of Kazak nationality; Li Shoushan; Amudonl Niyazi of Uygur nationality; and Zhang Sixue. The chairman of the regional Advisory Commission is Wang Enmao, and the secretary of the regional Discipline Inspection Commission is (Yu Geng).

'SUSPENDED' PLAY MAKES COMEBACK IN BEIJING

HK240420 Hong Kong TA KUNG PAO in English 24 Oct 85 p 1

[By TA KUNG PAO Beijing correspondent]

[Text] In the latest round of ideological contention, a play reflecting disillusion of young people in the Cultural Revolution which was suspended by order of the political department of the Chinese Air Force, has made a dramatic comeback in the Chinese capital on the 20th of this month.

Going by the unusual title of 'WM' (acronym of Wo Men, which stands for 'Us'), the play, dedicated to International Youth Year, was by Wong Peigong. Wong is attached to the drama group of the political department of the Chinese Air Force. The director of the stage production, Wong Kuei, was the group's head.

Presenting seven rural youths of different background and temperaments, WM's scathing probes into the recess of the momentary happiness but utter despair of these victims of the Cultural Revolution conjure up a shattering indictment against the wasted years. Their dashed dreams and hopes were repaired only at an extremely heavy price.

According to Wong the playwright, although the roles are by no means 'progressive character types', they certainly are not villains. 'They are just ordinary young people,' he says.

Plucked in the bud, the air force WM received its 'death sentence' on 18 June just after the cast finished its eighth full dress rehearsal. The first dress rehearsal had taken place only 9 days before. The hurry and undue number of times it had to be dress rehearsed left no doubt that WM's fate had hung in the balance. Could it be that these rehearsals had sparked heated debate in some conference room in the office building of the Air Force political department?

At any rate, the upshot was that when the verdict came, the reasons given for the suspension certainly rained like heavy artillery. It was alledged that WM was a 'new form of pollution,' that all the pent-up discontentment to which it gave vent were nothing but manifestations of resentment against the present policies initiated since the Third Plenum of the 11th CPC Central Committee, that it's author must be preoccupied with a certain odious mood, that the play's theme itself was in grave error beyond normal remedies, etc.

Along with these charges was also an order that WM's director Wong be hence forth dismissed from all his offices both inside and outside the party.

Amidst the waves of objections among drama circles which soon gathered momentum following the announcement of the suspension order, it was the newly appointed head of the Shanghai People's Art Theater whose cool-headedness but swift action dramatically changed the course of events. A brilliant playwright in his own right, Sha Yexin's most important work, THE IMPOSTER (If I Were Real), had ironically suffered the same sort of fate not long after it was publicly staged in Shanghai in 1979. Construed as being critical of older cadres and sympathetic towards youthful criminals, THE IMPOSTER, too, had become an object of heated debate. The few times it was allowed to be staged in public in the early 80s were produced only with the greatest difficulty.

After carefully weighing the pros and cons surrounding the controversial WM, Sha decided to take the play back to Shanghai where he would recommend to his theatre and, sure enough, his favourable assessment of WM prevailed at a top meeting of the Shanghai theatre.

A cast was immediately drawn up and rehearsals went swiftly into action. An invitation brought the play's original deputy director from Beijing. Working at astonishing speed, the Shanghai production of WM was ready for the stage within a month, just in time to entertain the public on the eve of this year's National Day (1 October) celebrations.

In an article published in the Shanghai newspaper WEN HUI BAO, Sha makes no bones about his seeing WM in a positive light. It is only with the bitterness that one would rather chose death than the 'unprecedented Cultural Revolution' can be thoroughly and completely repudiated, he insists.

In the meantime, the spirit displayed by the indomitable Shanghai theatre had caught up with Beijing theatrical circles with a rush. In a truly unprecedented move, the China Opera and Drama Society, went out of its way to raise a special fund to produce WM with a willing cast enlisted from several professional drama troupes.

Reporting the dramatic comeback of WM in Beijing, the PEOPLE'S DAILY noted on 19 October that it marks 'an experiment in efforts to reform the structure of opera and drama setup' in China.

#### HSIN WAN PAO ON CHINA'S NUCLEAR REACTORS

HK291200 Hong Kong HSIN WAN PAO in Chinese 29 Oct 85 p 4

[Special dispatch from Beijing: "China Has Built 10 Nuclear Reactors"]

[Text] Beijing, 29 Oct (HSIN WAN PAO) -- According to reports from "the fourth national academic exchange conference on reactor structural mechanics," China's reactor undertaking is developing smoothly. To date, China has built 10 nuclear reactors to basically meet the needs of scientific research and national defense. Only one of them was imported and the other nine were made by China itself.

According to reports, the construction of the chief factory buildings for the reactor of China's first nuclear power station, the Qinshan Nuclear Power Station, was started in January this year. It is estimated that the civil engineering work of these chief factory buildings will be completed by the end of next year, the installation of the essential equipment will be completed in the following 2 years, and the station will supply electricity in 1989. The capacity of the power station after its completion will be 300,000 kilowatt-hours per hour.

#### JI PENGFEI SAYS 'RADICAL CHANGES' NOT GOOD FOR HONG KONG

HK300445 Hong Kong HONG HONG STANDARD in English 30 Oct 85 p 3

[Text] If possible, do not change. That was the message to Hong Kong from the director of the Hong Kong and Macao Office, Ji Pengfei.

Mr Ji told the five-member Hong Kong delegation led by the secretary for district administration, Mr Donald Liao, that "radical changes" would not be good for Hong Kong.

On his return from China last night, Mr Liao said he did not regard Mr Ji's words as a warning to the government about its recent steps towards a representative government. "Mr Ji did not elaborate on what would be radical and unnecessary changes. In any case, we will be very cautious in developing our political system," he said.

Mr Liao said he had briefed Mr Ji on the Legco (Legislative Council) elections during a one-hour discussion.

"Mr Ji reiterated that the British Government would be responsible for running Hong Kong till 1997. He also named a few alternatives for Hong Kong off hand, and direct elections were among the options," he said.

#### INTERVIEW WITH WANG HANBIN ON HONG KONG'S FUTURE

HK281049 Hong Kong PAI HSING in Chinese No 106, 16 Oct 85 pp 15-17

["Exclusive" interview with Wang Hanbin, NPC Standing Committee secretary general and vice chairman of the Hong Kong Basic Law Drafting Committee, by Lu Keng in New York on 30 September: "On the Basic Law and Hong Kong's Future" -- first paragraph printed in boldface]

[Text] The drawing up of the Basic Law of the Hong Kong Special Administrative Region is a matter of great concern for everyone in Hong Kong. Wang Hanbin, secretary general of China's NPC Standing Committee and concurrently chairman of the NPC Legislative Work Commission has been appointed vice chairman of the Hong Kong Basic Law Drafting Committee. In view of his position in the NPC, "he is China's specialist in law," as he was introduced to the Overseas Chinese in New York City by Wang Renzhong, NPC vice chairman, Wang Hanbin will inevitably play an important role in the course of drawing up Hong Kong's Basic Law in the not-too-distant future.

#### He Denies Being Effectively a Writer for Peng Zhen

Accompanying Wang Renzhong, head of the Chinese NPC delegation visiting the United States, Wang Hanbin arrived in New York City as deputy head of the delegation. This reporter had two opportunities to talk with him at the reception held by the Chinese Consulate General, New York.

I told him that I understood most of Peng Zhen's speeches were from his pen. Although some of the ideas belonged to Peng Zhen, it was Wang Hanbin who gave them literary expression. Of course, Wang Hanbin denied that. I said: What I think most important is the question of whether the party or the law has more weight. And your answer is that greater importance will be attached to the law. This is a breakthrough on the part of the CPC (but of course, whether this will come true remains to be proved.) Another point is, when the Hong Kong Basic Law Drafting Committee was holding its first session in Beijing, you explicitly stated that the Hong Kong people could oppose the "four adherences." (That, too, remains a matter to be concretely fulfilled.)

I asked him whether he was a student of the law. He said: "No, I was a history major." Again I asked which university he had studied at, and he said: "Southwest Union."

At my mentioning that Hong Kong Basic Law, he held that the Basic Law would certainly be drawn up to the satisfaction of all circles in Hong Kong. I found he could be rather straightforward in our conversation. For instance, when I learned from our conversation that for 6 long years he had been under attack during the Cultural Revolution, and asked him what he had been doing prior to the Cultural Revolution, he replied promptly: "Attacking others." In fact, he had been deputy secretary general of the Beijing Municipal CPC Committee. This reminded me of Peng Zhen's absurd proposal, during the anti-rightist campaign in 1957, that rightists should be sorted out at a rate of 5 percent among the masses in every unit. Wang Hanbin was a subordinate of Peng Zhen at that time."

I told him: I find Peng Zhen a rather strange personage. He suffered much during the "Cultural Revolution." It suffices to mention the awkwardness of his position when he was ordered to take the "jet" (a kind of corporal punishment in which the victim is ordered to stretch both arms as far back behind his body as possible with his head bowed low.) Why does he continue to be so conservative?" Wang Hanbin retorted: "That was a casual remark carried in the Hong Kong press, and it does not necessarily conform to the facts." I said: "There are at least some grounds for saying so. The people can see best who is enlightened, and who conservative. You had better advise him to take the entire nation into consideration now that he is getting so old (83 this year)." Wang Hanbin answered: "Chairman Peng Zhen made the following statement in Japan: "To develop socialist democracy and to make complete and perfect the socialist legal system is a basic task facing China!"

#### Is the Pace of Hong Kong's System of Representative Government Too Fast

A dialogue focusing on the Hong Kong Basic Law follows:

Lu: There are many links in the Hong Kong Basic Law which I do not quite understand; and I should like to solicit your advice.

Wang: You are being ceremonious. Out with it!

Lu: Based on the information our journal PAI HSING has on hand, the Chinese side, that is the Beijing authorities, find the pace of reform of the Hong Kong system of representative government a bit too fast. What is your opinion?

Wang: This issue is still under study. We can not make clear at present just what the Hong Kong Government system in the future will be. I was interviewed by CHING PAO but then it reported that I am against a representative government system. That was not an accurate report. I only said that Hong Kong people held different opinions on this question. What the future Hong Kong Government should be like is an issue that involves serious study. The United Kingdom implements the representative government system. At present Hong Kong is under the administration of the governor, while we implement the People's Congress system. To my mind, the system of government is an important topic in drawing up the Basic law.

Lu: Perhaps the biggest question.

Wang: That is true! This is because other issues concerning Hong Kong are explicitly laid down in the Sino-British joint declaration on the question of Hong Kong its annexes: For example, the civil rights of the Hong Kong people, the legislative system, the economic system, and foreign relations; with which, a general picture of these aspects can basically be formed; however, as to what the system of government will be like, and how it is to be concretely formed, there are no stipulations whatever. When the Basic Law Drafting Committee held its session in Beijing, I expressed the hope that everyone would fully air his views, and join in the discussion.

Lu: But you know that it is stipulated in the Sino-British joint declaration on the question of Hong Kong that the legislative organ in Hong Kong is to come into being through elections.

Wang: But there are different methods of election: direct and indirect elections, and election through consultation. In short, this is an issue which needs be discussed.

Lu: Do you personally believe that Hong Kong does not meet the conditions, or is not mature enough to carry out direct elections?

Wang: This should be considered and talked over by the Hong Kong side.

#### Does Hong Kong Meet the Conditions for Direct Elections

Lu: Many Hong Kong social organizations tend to hold direct elections. Even if the conditions are not ripe at present, they will be so through a transitional period of 12 years.

Wang: This issue can be studied! The system of direct elections in grass-roots units is adopted in the mainland. Direct elections are held at and below county level, and indirect elections are held at and above provincial level. Why are indirect elections necessary? This is because many aspects must be taken into consideration. For instance, minority nationalities, democratic parties, scientists, artists, educationists, and personages of industrial and commercial circles. What if these people are not elected in direct elections? In fact, these personages are representative. So, how is Hong Kong's government to be formed in the future? This issue needs to be given ample discussion by personages of all circles in Hong Kong, and all plans should be subjected to comparison.

Lu: Some people say, the Chinese side does not agree to Hong Kong people organizing political parties. What is your view on this point?

Wang: This is an issue that involves the political system in Hong Kong, and is to be explored and discussed by the Hong Kong people. Regarding the Constitution, whether it is better to adopt a one-chamber or a two-chamber system should be discussed and studied as well.

Lu: Here I have a question, does the so-called "remaining unchanged for 50 years," refer to the time when the Sino-British joint declaration on the question of Hong Kong was initialled or to 1997?

Wang: This refers chiefly to maintaining basic principles, such as maintaining the social system, the economic system, and the lifestyle. And the existing Hong Kong judicial system will basically be maintained. As to some specific practices, the legislative organ of Hong Kong in the future will have the power to make its own decisions. Concerning how to keep things unchanged, that will be decided by the Basic Law. Therefore, it is understandable that the Basic Law has been regarded as a matter of importance. I hold that through pooled wisdom, the Basic Law Drafting Committee will certainly draw up a basic law satisfactory to the Hong Kong compatriots.

Lu: The Basic Law Drafting Committee came into being rather smoothly, but the Basic Law Consultative Committee seems to be undergoing some difficulties in its birth. What is your view on this?

Wang: Hong Kong attaches attention to democracy and freedom, and the people there are liable to have diverse opinions; but, I think, eventually the consultative committee will come into being smoothly.

Should the Media Participate in the Consultative Committee?

Lu: There are two opposite opinions regarding whether media people should take part in the consultative committee. One opinion holds that they should, and the other is diametrically opposed. What is your opinion?

Wang: Based on the spirit of the drafting of the Basic Law, it is hoped that people of all circles will participate in it. More people of different walks of life should be included, so that different opinions can be taken note of.

Lu: What do you think of pro-KMT rightist personages participating in the consultative committee?

Wang: Regarding the formation of the consultative committee, during a meeting the Basic Law Drafting Committee authorized its 20-odd members in Hong Kong to consider this matter.

Lu: Is there a scheduled time for the formation of the consultative committee?

Wang: No. There are varied opinions in Hong Kong, so deliberations take longer.

Lu: At present, Hong Kong seems on the surface to be stable. But in fact, it is not so. People still lack faith in the future. It is said that the CPC is supporting a bullish market. In other words, the reason the Hong Kong market appears to be not so bad is chiefly that the CPC is making great efforts to support it. Otherwise, it would be in a very dangerous position.

Wang: No one can take the place of Hong Kong.

Lu: I am not referring to that. What I mean is many people in Hong Kong are very disappointed in the practice of the CPC over the past 3 decades and more; therefore, they lack confidence in the future. They are worrying about whether, once Hong Kong returns to Beijing, its prosperity will be maintained.

Wang: If someone does not believe it, let us look at the facts! Was Hong Kong not undergoing great turbulence 2 years ago? Is it not the case that Hong Kong has become stable since the publication of the Sino-British joint declaration? Great changes have taken place in the mainland since the 3d Plenary Session of the 11th CPC Central Committee. The past few years have been the best time in the development of the political and economic situation, and it will be still better from now on. If the domestic situation is good, the situation in Hong Kong cannot be bad. Some people are still adopting a wait-and-see attitude, and facts in the future will dispel their doubts.

Will One Country, Two Systems Become One Country, One System?

Lu: At present, a section of public opinion in Hong Kong says that "one country, two systems" will eventually become "one country, one system," which also means that socialism will eventually take the place of capitalism.

Wang: That will be something for 70 years from now. Twelve years plus 50 or 60 years, close to 70 years.

Lu: According to your (the CPC's) view, does that mean that it will eventually become "one country, one system"?

Wang: That is not certain! We have to wait until then! What will things be like 6 decades and more from now? This is 1985, and compared with 1975, China's character has changed beyond recognition. If you went to China in 1975, do go there again today, and see for yourself.

Lu: I left Mainland China in 1978.

Wang: I do know about you. Back in the days of the war of resistance against Japan, I read your articles. Our Comrade Huan Xiang was also a figure of the press circles during the war of resistance against Japan. And I liked to read his articles when I was still a student. Today, if you go to Beijing, you can draw a comparison between how it is now and how it was a few years back. If you make contact with people, talk with them, you will find the changes are very great. And what will things be like in 50 or 60 years from now? But one thing is basic, namely, the system in Hong Kong will remain unchanged, which is certain, up till the year 2050. China has undergone great changes over the past few years, and it will change for the better in the next few years.

Lu: An opinion in Taiwan, such as that of my old friend Pu Shao-fu of HSINWEN TIEN TI, holds that Mainland China will eventually turn capitalist.

Wang: I do not think so, because the socialist system prevails over the capitalist system. Of course, we did a rather poor job a few years ago. And the advantages of socialism have not been brought into full play.

Lu: To my mind, the reason Deng Xiaoping proposed the "one country, two systems" concept is that he clearly discerned the superiority of the capitalist system over the socialist system. It is only because of such problems as the party's ideology that socialism has to be continued in Mainland China. Then, too, it is afraid that Hong Kong will be ruined, so capitalism is to be maintained in Hong Kong in order to make the economy prosper. Do you not think this is the case?

Wang: No. That Hong Kong is allowed to maintain the capitalist system is chiefly out of consideration of the history and reality of Hong Kong. In our words, it is to show respect to history and also to reality. The implementation of the "one country, two systems" concept will be favorable to the settlement of the Hong Kong issue. The most important thing is the settlement of the issue of sovereignty. The British proposed the separation of sovereignty from the power to govern, but we resolutely opposed this concept. Without the power to govern, where is there sovereignty? It would be false sovereignty. It is imperative to settle the issue of sovereignty; meanwhile, the historical role and reality of Hong Kong should be taken into consideration. The "one country, two systems" concept will be favorable to maintaining the stability and prosperity of Hong Kong, and to promoting China's four modernizations.

#### Mainland China Will Not Interfere With Hong Kong's Domestic Affairs

Lu: There is an idea in Hong Kong, namely, making use of the implementation of the system of representative government to achieve the democratic governing of Hong Kong people with a view to countering the interference of Mainland China. What do you think of this?

Wang: Mainland China will not interfere with Hong Kong's domestic affairs.

Lu: Is this your view?

Wang: Yes, it is.

Lu: However, the Hong Kong people are not quite at ease with the interference.

Wang: The Basic Law will provide a solution to these problems. With a basic law, any problem will find a solution.

Lu: What is the final goal of the Basic Law?

Wang: It is to achieve stability and prosperity. The Basic Law is set up to maintain stability and prosperity. We do not wish to see a turbulent Hong Kong, and turbulence is unfavorable for everyone.

Lu: Do you think turbulence is possible?

Wang: It is hard to say regarding turbulence on a small scale. In my opinion, turbulence on a large scale is impossible. Regarding the present role of Hong Kong, not only China and the United Kingdom hope for its stability, but many countries, including the United States and Japan, do also. In 1984, I visited France and Italy, and they both showed concern for Hong Kong. The international community is for the policy on Hong Kong. If the various strata of Hong Kong find it all right to implement the concept of "one country, two systems," as well as the international community and Mainland China, why should there be any grounds for turbulence? The root cause of turbulence is some people's dissatisfaction, and ends in their creating trouble, such as the "Great Cultural Revolution," with some people shouting the slogan "Down with revisionists!" But now, satisfaction is shown on all sides, and how can turbulence on a large scale take place in Hong Kong? It will not. As to turbulence on a small scale, such as some people not being at ease, some people feeling the situation is unstable, some planning to leave Hong Kong, while others go bankrupt, all this will likely take place. Without these phenomena, it would not be a society. "Pluralism!" That is, in your language.

Lu: The Sino-British joint declaration particularly mentions that the two international treaties on human rights of the United Nations will continue to be effective in Hong Kong, which is very important.

Wang: I touched upon this point at the session of the Hong Kong Basic Law Drafting Committee. There is nothing vague about defending human rights.

Do the People in Mainland China Really Support Socialism?

Lu: Here arises a question, will not the people of Mainland China sigh with feeling and ask why, both being Chinese, should he who is in Hong Kong enjoy more civil rights than I do? Why should it be my fate to be so unfortunate as to live in Mainland China?

Wang: What is the general view of the people in Mainland China? They believe it is not right to oppose socialism. They have found through their personal experience that socialism is fine, and they support socialism.

Lu: Pardon me for my straightforwardness, the so-called "support of the people of Mainland China for socialism" is, I am afraid, nothing but a concept. Nothing like it exists in reality. Moreover, in an interview with Mr Hu Jiwei not long ago, he admitted that socialism is still in the experimental stage. Am I right?

Wang: The major characteristics of socialism have been explicit: public ownership, the abolition of exploitation and oppression!

Lu: But these are only principles.

Wang: These principles have been put into practice in Mainland China. Anyway, human relations are generally not bad in Mainland China!

Lu: Looking back on the past 3 decades and more, how far have human relations turned sour?

Wang: But have we not corrected our past mistakes? The decisions of the two third plenary sessions have made it very clear why we should pay attention to a high level of democracy and a high level of civilization, have they not? This is a conclusion drawn on the basis of summing up the experiences and lessons over the past 3 decades. Only by implementing a democratic legal system will our country enjoy long-term stability and good government.

Lu: The current practice in Mainland China seems to be raising the economy first, while the democratic legal system is suppressed for the time being, is that not the case?

Wang: No, it is not so. The democratic legal system is still being advocated. If you go to the mainland, you will find that the people now have no misgivings about what they say, and they are free to air their views.

Lu: The common people may be bolder in what they say than in the past. However, senior intellectuals, such as writers, scholars, reporters, and professors still have a lingering fear.

Wang: It all depends on who they are. Take Bai Hua for instance. I do not think he has done a good job in "The Sun and the Man." I have seen the movie. How can he put it this way: "You love the motherland, but in return does the motherland love you?" What has an incorrect policy got to do with the motherland? You cannot fail to love the motherland because of an incorrect policy. Take you for instance, despite the fact that you have suffered, I believe you have feelings for China.

#### The "Cultural Revolution" Is Gone Forever

Lu: Yes, I have. But in our case, we separate the country from the government. Now you have just mentioned Bai Hua, but news spread of late that Liu Binyan is again under attack, and that he is so angered he is determined to stop writing completely. Did you hear about it before you left Beijing?

Wang: No, I did not. There are liable to be all kinds of comments. In short, the kind of situation in which you and I were under attack will never occur again. I was also thrown in prison for 6 years! They called it "mass dictatorship," and you were even watched going to the washroom, no freedom to speak of.

Lu: Was it not during the "Cultural Revolution"?

Wang: Yes!

Lu: According to your view, such terror is gone forever?

Wang: We cannot say that absolutely. But in my opinion, such things are very unlikely to take place again. Chiefly because, from the leadership to the masses, all have accepted a profound lesson.

Lu: Right! That is the most important thing.

Wang: If something like that should happen again, everyone would turn against it. The handling of the case of Bai Hua has proved that is entirely different from the handling of similar cases in the past. Lan Ling and Li Xifan were originally very famous personages. Later, Lan Ling was labelled a rightist for articles he had written. Bai Hua has not been labelled; moreover, he has been reelected as a member of the Council of the Writers' Association.

Lu: Pardon me for interrupting. Is it true that Zhu Houze, recently appointed director of the CPC Propaganda Department, had also been labeled a rightist?

Wang: I am not very clear about that.

#### The Situation in Hong Kong Is Linked to the Reforms in Mainland China

Lu: The situation in Mainland China is that things are more and more on the right track, and more and more rational, which is helpful to the stability and prosperity of Hong Kong. This is because any one with common sense knows that the future of the situation in Hong Kong is, in the final analysis, determined by mainland China.

Wang: Mainland China is to act strictly according to the Constitution today. The central authorities are laying special stress on observing the law and discipline.

Lu: Do the Hong Kong people not hope for a better and better situation in Mainland China?

Wang: I do not think you will be disappointed. But what we have been having is a casual talk; I hope you will not have it published.

Lu: I am afraid I cannot promise you that. But one thing I can assure you of: In reporting it, I shall do my best to make it accurate, I will by no means distort what you mean and say. Thank you!

(Bearing in mind that Mr Wang Hanbin is student of history, I introduced to him Professor Tang Te-kang, a historian, and said good-bye, shaking hands.)

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